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Standing Committee on  
Finance, Trade and Economic  
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HOUSE OF COMMONS  
First Session—Twenty-eighth Parliament

1968-69

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## STANDING COMMITTEE

ON

# FINANCE, TRADE AND ECONOMIC AFFAIRS

*Chairman:* Mr. GASTON CLERMONT

## MINUTES OF PROCEEDINGS AND EVIDENCE

No. 1-22

THURSDAY, OCTOBER 10, 1968

TUESDAY, OCTOBER 22, 1968

*Respecting*

BILL C-101

An Act respecting London and Midland General Insurance  
Company.

### WITNESSES:

Mr. David F. Alexandor, Parliamentary Agent; Mr. H. Humphrys,  
Superintendent of Insurance; Mr. H. P. Paterno, President, London  
and Midland General Insurance Company.

ROGER DUHAMEL, F.R.S.C.  
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
OTTAWA, 1968



STANDING COMMITTEE ON  
FINANCE, TRADE, AND ECONOMIC AFFAIRS

Chairman: Mr. Gaston Clermont

Vice-Chairman: Mr. A. Gillespie  
and Messrs.

Blair,  
Breau,  
Burton,  
Comtois,  
Danson,  
De Bané,  
Downey,

Émard,  
Flemming,  
Gauthier,  
Gray,  
Hales,  
Harkness,

Lambert (*Edmonton  
West*),  
Latulippe,  
Roberts,  
Saltsman,  
Trudel—(20).

Dorothy F. Ballantine,  
*Clerk of the Committee.*



## ORDERS OF REFERENCE

HOUSE OF COMMONS  
TUESDAY, October 8, 1968.

*Resolved*,—That the following Members do compose the Standing Committee on Finance, Trade and Economic Affairs:

### Messrs.

Blair,	Downey,	Harkness,
Breau,	Émard,	Lambert ( <i>Edmonton</i>
Burton,	Flemming,	<i>West</i> ),
Clermont,	Gauthier,	Latulippe,
Comtois,	Gillespie,	Roberts,
Danson,	Gray,	Saltsman,
De Bané,	Hales,	Trudel—(20).

TUESDAY, September 24, 1968.

*Ordered*,—That Bill C-101, An Act respecting London and Midland General Insurance Company, be referred to the Standing Committee on Finance, Trade and Economic Affairs.

### ATTEST

ALISTAIR FRASER,  
*The Clerk of the House of Commons.*

REPORT TO THE HOUSE

THURSDAY, October 24, 1968.

The Standing Committee on Finance, Trade and Economic Affairs has the honour to present its

FIRST REPORT

Your Committee has considered Bill C-101, An Act respecting London and Midland General Insurance Company, and has agreed to report it without amendment.

A copy of the Minutes of Proceedings and Evidence relating to this Bill (Issue No. 1) is tabled.

Respectfully submitted,

GASTON CLERMONT,  
*Chairman.*



## MINUTES OF PROCEEDINGS

THURSDAY, October 10, 1968.

(1)

(Text)

The Standing Committee on Finance, Trade and Economic Affairs met at 11:08 a.m. this day for purposes of organization.

*Members present:* Messrs. Blair, Breau, Burton, Clermont, Comtois, Danson, Downey, Émard, Gillespie, Gray, Hales, Harkness, Roberts, Saltsman and Trudel (15).

The Committee Clerk attending and having called for nominations, Mr. Gray, seconded by Mr. Trudel, moved that Mr. Clermont do take the Chair of this Committee as Chairman.

The motion was carried unanimously and Mr. Clermont, having been declared elected, took the Chair and thanked the Committee for the honour conferred upon him.

The Chairman paid tribute to the late Colin Cameron, who had been a faithful and active member of this Committee for many years.

On motion of Mr. Gray, seconded by Mr. Comtois.

*Resolved*,—That Mr. Gillespie be elected Vice-Chairman of this Committee.

On motion of Mr. Trudel, seconded by Mr. Comtois.

*Resolved*,—That nominations be closed.

The Chairman having declared Mr. Gillespie elected as Vice-Chairman, Mr. Gillespie thanked the members and promised to do his best to serve the Committee.

It was moved by Mr. Gray and seconded by Mr. Harkness that the Chairman, the Vice-Chairman and six members appointed by the Chairman do compose the Sub-Committee on Agenda and Procedure. After considerable discussion, the motion was *carried*.

In the general discussion which followed, the Chairman informed the Committee that a private bill, C-101, An Act respecting London and Midland Insurance Company, has been referred to the Committee. Other matters which it is expected will be referred to the Committee were also noted briefly.

At 11:35 a.m. the Committee adjourned to the call of the Chair, on motion of Mr. Comtois, seconded by Mr. Downey.

TUESDAY, October 22, 1968.

(2)

The Standing Committee on Finance, Trade and Economic Affairs met at 11:08 a.m. this day, the Chairman, Mr. Clermont, presiding.

*Members present:* Messrs. Blair, Breau, Burton, Clermont, Danson, Downey, Énard, Gauthier, Gillespie, Gray, Hales, Harkness, Lambert (*Edmonton West*), Latulippe, Saltsman, Trudel (16).

*In attendance:* Mr. David F. Alexandor, Parliamentary Agent; Mr. R. Humphrys, Superintendent of Insurance; *Representing London and Midland General Insurance Company:* Mr. H. P. Paterno, President; Mr. Ralph Green, Vice-President and General Manager and Mr. F. W. Rhodes, Secretary.

The Chairman announced that, in addition to the Chairman and the Vice-Chairman, he has appointed the following to be members of the Sub-Committee on Agenda and Procedure:—Messrs. Comtois, Gray, Harkness, Lambert, Latulippe and Saltsman.

On motion of Mr. Harkness, seconded by Mr. Danson,

*Resolved*,—That the Committee print 750 copies in English and 350 copies in French of its Minutes of Proceedings and Evidence.

The Committee then proceeded to consideration of Bill C-101, An Act respecting London and Midland General Insurance Company.

*On the preamble*

The sponsor of the Bill, Mr. Lind, introduced the Parliamentary Agent, Mr. Alexandor and the witnesses. Mr. Alexandor made a statement concerning the purpose of the Bill.

Messrs. Paterno, Rhodes and Humphrys were questioned.

The preamble, clauses 1 and 2, the title and the bill were carried.

*Ordered*,—That the Chairman report the bill without amendment.

At 12:00 noon the Committee adjourned until 11:00 a.m. on Thursday, October 24, 1968.

Dorothy F. Ballantine,  
*Clerk of the Committee.*

## EVIDENCE

(Recorded by Electronic Apparatus)

Tuesday, 22 October 1968

• 1110

• 1109

**The Chairman:** Gentlemen, I see a quorum.

After consultation last week with the whips of the different parties represented on this Committee, here are the following members on the Steering Committee: Mr. Comtois, Mr. Gray, Mr. Harkness, Mr. Lambert, Mr. Latulippe, Mr. Saltzman as well as the president and the vice-president.

I will now receive a recommendation for the number of copies to be printed in English and in French. We have received a suggestion from the Speaker of the House of Commons that the number should be 750 in English and 350 in French.

I ask for a formal motion in this respect.

**Mr. Harkness:** I so move.

**Mr. Danson:** I second the motion.

Motion agreed to.

**The Chairman:** The third item is Bill C-101, An Act respecting London and Midland General Insurance Company. The sponsor of the bill is our colleague, Mr. James Lind. Will Mr. Lind introduce the parliamentary agent and the witnesses?

**Mr. Harkness:** Do we have copies of the bill?

**The Chairman:** Yes, sir.

**Mr. Lind:** Mr. Chairman, I would like to introduce to the Committee Mr. H. P. Paterno, the president of the company. Mr. Paterno, would you like to take a seat? The vice-president and general manager is Mr. Ralph Green, the solicitor for the company is Mr. F. W. Rhodes and Mr. David Alexandor is the solicitor who is handling it at the Ottawa end.

**The Chairman:** That bill came before our Committee last year and it was reported to the House of Commons, but it was not approved by the House of Commons. Does the parliamentary agent have any statement to make?

**Mr. David F. Alexandor (Parliamentary Agent):** Mr. Chairman, the sole purpose of this bill is to seek a change of name of the company. By way of explaining the corporate structure of the company, I would point out that Delta Acceptance Corporation Limited was incorporated as a public company under the laws of Ontario by letters patent dated March 26, 1954. In July of 1962 Delta Acceptance Corporation Limited acquired the whole of the outstanding share capital of London and Midland General Insurance Company, a company which was incorporated by an act of Parliament, on July 17, 1947, under the name of the Progressive Insurance Company of Canada and which subsequently changed its name to London and Midland General Insurance Company by an act of Parliament on April 12, 1957. Subsequently Delta Acceptance Corporation Limited changed its name to Avco Delta Corporation Canada Limited.

London and Midland General Insurance Company carries on a general insurance business in most of the provinces of Canada. The main reason for the proposed change of name is that it is the policy of the parent company to foster a sense of cohesion amongst all its subsidiary organizations by arranging for the word "Avco" to appear in the corporate titles of the various companies in the group.

In addition to London and Midland General Insurance Company the following companies are also subsidiaries of Avco Delta Corporation Canada Limited. Avco C.F.C. Limited which was formerly C.F.C. Finance Corporation Limited, Avco Delta Dominion Limited which was formerly Delta Acceptance Canada Limited, Avco Delta Quebec Limited, which was formerly called D.A.C. (Quebec) Ltd., Avco Finance Limited, which was formerly The Crescent Finance Corporation Limited, Avco Highland Plan Limited, which was formerly called Highland Trial Plan Limited, Avco Delta Realty Limited, which was formerly Grand Prairie Investments Limited, Adanac General Insurance Company of Canada, Avco Delta Realty, Manitoba, Limited, which



was formerly called The North West Mortgage and Finance Company Limited, Consolidated Finance Western Limited, Empire Acceptance Corporation Limited, General Finance Company Limited, Lorne-Bruce Motors Limited and Waverly Finance Company Limited.

This latter company is presently making application for a change of name to Avco Security Canada Limited.

Since Adanac General Insurance Company of Canada conducts a very limited operation, this Company may be wound up in due course.

**Mr. Blair:** Which company is that, Mr. Alexandor?

**Mr. Alexandor:** That is Adanac General Insurance Company of Canada.

Four out of the last five companies named which were Consolidated Finance Western Limited, Empire Acceptance Corporation Limited, General Finance Company Limited and Lorne-Bruce Motors Limited are non-operating and it is intended to wind most of them up in the near future pending, for example, the distribution of a designated surplus, the maturing of debentures and the transferring of any old business still remaining. One or two of these companies are just corporate shells. Therefore, in effect, there are ten companies in this group which are operating at this time. All of these ten operating companies bear the name "Avco" in their corporate name except for Adanac General Insurance Company of Canada and London and Midland General Insurance Company.

I would like to point out that prior to the change of name of Delta Acceptance Corporation Limited to Avco Delta Corporation Canada Limited that Company became an almost wholly owned subsidiary of Avco Delta Corporation which is a Delaware company. This occurred in 1964. In turn, Avco Delta Corporation is a wholly owned subsidiary of Avco Corporation of New York. There is one other Canadian company using the name "Avco" which is not a subsidiary of what we call the parent company, Avco Delta Corporation Canada Limited. There is a company called Avco of Canada Limited. This company is a subsidiary of Avco Corporation of New York. In other words, the ultimate American parent. As I point out it is not related directly, but there is a very indirect relationship.

• 1115

The company's desire to change the name of London and Midland General Insurance Company has to some extent been enhanced by virtue of the publicity given to the insolvency in the United Kingdom of an insurance company, entirely unconnected with the applicant, but bearing the same name. One further reason for this application is that there are a considerable number of insurance companies in Canada bearing the word "London" as part of the corporate name.

By way of explanation of the ownership of the company, London and Midland General Insurance Company is a wholly owned subsidiary of Avco Delta Corporation Canada Limited. Avco Delta Corporation Canada Limited is almost wholly owned by its U.S. parent. Approximately 99 per cent of the outstanding share capital is owned by the U.S. parent. However, there still are approximately 1,800 Series A first preference shares and 42,000 Series D first preference shares of Avco Delta Corporation Canada Limited which are outstanding in the hands of the Canadian public. Notwithstanding this ownership I believe the Committee should be aware that eight out of the nine directors of London and Midland are Canadian citizens and more than 50 per cent of the directors of Avco Delta Corporation Canada Limited are Canadian citizens.

I would also bring to your attention that apart from Adanac and London and Midland there are no other insurance companies related to this group and when I say this group I am talking about the American parents and, therefore, the management policies of London and Midland are formulated and administered in Canada. As far as the investments are concerned, of course, these are fairly tightly regulated by Canadian legislation, but more than 75 per cent of the funds on deposit or on hand in the hands of London and Midland General Insurance Company are invested in Canadian securities.

Gentlemen, this is all the information I can give you. However, Mr. Paterno as President of London and Midland General Insurance Company, and President of Avco Delta Corporation Canada Limited, Mr. Green as Vice-President of London and Midland General Insurance Company and General Manager of London and Midland General Insurance Company and Mr. Rhodes as Secretary of both

London and Midland General Insurance Company and its parent, are prepared to answer any questions which you may wish to put.

Thank you.

**The Chairman:** We also have present with us Mr. R. Humphrys, Superintendent of Insurance. I will ask Mr. Humphrys to come to the table here.

**Mr. R. Humphrys (Superintendent of Insurance):** May I speak from here, Mr. Chairman?

**The Chairman:** No, Mr. Humphrys, you have to come to the table. Would you care to make any comments on the application, Mr. Humphrys?

**Mr. Humphrys:** Mr. Chairman and gentlemen, the department has no objection to the proposed change of name. We have had a search of names registered with the Department of Consumer and Corporate Affairs and we find no indication that this name would raise any conflict with existing names of insurance companies or companies in closely allied lines of business. I have nothing further to add to the comments that have been given by Mr. Alexandor.

• 1120

**Mr. Harkness:** What does "Avco" stand for?

**Mr. Alexandor:** It is an abbreviation of aviation companies and through the years has sort of dwindled down to Avco, an abbreviation then later adapted as the name for Avco Corporation in New York.

**Mr. Lambert:** Since the only matter that remains before us deals with the change of name and in the light of Mr. Humphrys' statement, is there on file a consent to the use of the name "Avco" by the related company, the other subsidiary in another chains that is owned by the parent company in the United States?

This is something that some registrars of companies always ask for and sometimes it is better to have it on file and then there is absolutely no question at some later date of any conflict or potential conflict.

**Mr. F. W. Rhodes (Secretary, London and Midland General Insurance Company):** I think I could answer that, Mr. Chairman. It is absolutely correct that consents are called for. The number of consents called for by the government departments seems to vary from application to application, but consents were undoubtedly asked for in this case and all

those that were asked for were filed and any more that any department might want could easily be secured.

**Mr. Lambert:** Thank you, Mr. Chairman.

**Mr. Gillespie:** I am wondering about the nature of Avco's business. There is a list here of finance companies; there has been a manufacturing company mentioned and we are dealing here with a general insurance company. Could you tell us something about the over-all Avco Corporation itself and how its various interests divide between insurance, finance and manufacturing, and if there are any others, what they are?

**Mr. H. P. Paterno (President, London and Midland General Insurance Company):** Of course Avco Corporation, the parent company in New York, has become something along the lines that we now call a conglomerate to a very great extent, and the different types of manufacturing and businesses that it is in are very broad.

It starts with engines and airplane parts for both military and the new air bus and things of that nature, to research and development—quite extensively research and development—including the mechanical heart. One of our Avco research and development groups did the second heart transplant in the United States and in the world. It is also involved in ordnance, appliances, broadcasting.

In research it has the great piece of the re-entry vehicle which, incidentally, splashed down today. Part of that is part of Avco's research and development group. And of course it has very extensive financial holdings in such things as the Credit Card Company and Carte Blanche, savings and loan companies, the Avco-Delta group, which is 40 per cent in Canada and 60 per cent in the United States and which encompasses small loan companies, several life companies in the United States, automobile finance companies, home improvement finance companies and all related companies in the financial area.

In addition it owns Moffats, a manufacturer of appliances very heavily engaged in commercial appliances for apartment houses and commercial kitchens in Canada. It is also engaged in and owns Avco New Idea Farm Equipment Co., which manufactures farm equipment at Coldwater, Ohio, and Fort Dodge, and has a system of distributorships and dealers throughout Canada as well as the United States.



The financial area is pretty much under the Avco-Delta group of companies. The only casualty insurance company that Avco owns is London and Midland General Insurance Company at the present time. That is just touching on it. I am sure I have missed on several other areas, but that pretty much takes in the group of companies.

• 1125

**Mr. Gillespie:** With all due respect to single identification, related just to this group of companies, the insurance and finance companies?

**Mr. Paterno:** No, this is part of an over-all program that Avco instituted itself two years ago. It was brought about by the problem of motivating all of its employees and indicating to its employees that it was part of a very solidly built company. It was an attempt to give each employee throughout both Canada and the United States and several international areas, the feeling that they were part of a family, of a group, because with the acquisition of companies through the years the names no longer indicated any adherence to an over-all group. This is what instigated the move primarily.

**The Chairman:** Are there any other questions, gentlemen? Mr. Saltzman.

**Mr. Saltzman:** I was wondering if within the conglomerate there was the tendency to place this insurance with your agency. For instance, are the various companies within the conglomerate directed to place their insurance with the London and Midland?

**Mr. Paterno:** The amount of business that London and Midland derives from—

**Mr. Saltzman:** Would you like me to repeat that question?

**The Chairman:** I would suggest, gentlemen, that you address yourselves to the speaker because otherwise it is very hard to distinguish.

**Mr. Saltzman:** Do the members of your conglomerate place their insurance with the London and Midland General Insurance Company?

**Mr. Paterno:** The amount of business that London and Midland derives from other Avco-oriented companies is practically nil. All of the business that London and Midland is doing now—98 to 99 per cent of it—is the

result of business that we obtained through an agency system throughout Canada.

**Mr. Saltzman:** Even though it may represent a small portion, do you direct your other companies to place their insurance with London and Midland?

**Mr. Paterno:** As of this point we have not. There would be very little of it if we so desired.

**Mr. Saltzman:** Could you tell me something about your investment policy? For instance, how do you collect your funds and where do you invest your funds?

**Mr. Paterno:** Our entire portfolio is under the jurisdiction of Fry and Company Limited which is a Canadian consulting firm that invests for you so that it is under management consultants in that regard.

**Mr. Saltzman:** Just a question to clear this up. Do you own this management consulting firm?

**Mr. Paterno:** No, we do not.

**Mr. Saltzman:** They are independent; they advise you.

**Mr. Paterno:** That is correct.

**Mr. Saltzman:** In other words they advise you how to invest your funds, but the responsibility for the investment of the funds is still yours.

**Mr. Paterno:** Of course, it is always ours.

**The Chairman:** Are there any more questions, gentlemen?

**Mr. Paterno:** I am going to add a little to that. The primary thing that dictates the investments is the requirement under the Canadian and British Insurance Companies Act, which is quite comprehensive, which limits the amount of investments that may be made in any one area or a percentage of the company, things of that nature. That is the primary policy maker for the investment portfolio of any insurance company.

We try to spread our risks and our investments as best we can, keeping in mind that the number of areas where we would like to put more money are not allowed under the Canadian and British Insurance Companies Act. Of course, this is for the protection of our policy holders, and something that we follow very, very closely.



I might add that in addition to our portfolio being 75 per cent invested in Canada securities, we have just recently made a \$600,000 commitment in the NHA mortgage area.

**Mr. Saltzman:** So 75 per cent of your investments are in Canadian securities. Is that correct?

**Mr. Paterno:** That is correct.

**Mr. Saltzman:** And the remainder of 25 per cent is in what?

**Mr. Paterno:** It is in other international companies outside of Canada, predominantly in the U.S.A.

• 1130

**Mr. Saltzman:** How much of your capital is raised in Canada?

**Mr. Paterno:** I need an explanation of what you mean by that.

**Mr. Saltzman:** How much of your funds are accumulated here in Canada?

**Mr. Paterno:** For investment purposes?

**Mr. Saltzman:** For investment purposes.

**Mr. Paterno:** Oh, that would come from the policy holders money which would come from Canada.

**Mr. Saltzman:** So all your funds come from Canadian policy holders. And 75 per cent is invested in Canadian securities, 25 per cent in international.

**Mr. Paterno:** That is correct.

**Mr. Saltzman:** May I ask you this. There has been some criticism recently of the thinness of the Canadian market for stocks. A recent report of York University pointed out there were not sufficient stocks in Canada. What is your experience in this regard? Do you find any shortage of investments here in Canada?

**Mr. Paterno:** Yes, we do. That is one thing we have to keep in mind. When we start to deal in large numbers—and we are talking about a portfolio here of \$12,600,000, and with that other \$600,000 it will be in excess of \$13,000,000—we must spread our risks for the benefit of the policy holders and just plain prudence. And the number of, for example equities, particularly the equity area, that you can entertain to any great degree is reasonably limited in Canada. We still find,

though, that there is a sufficient amount to get a reasonable spread. In other words we have been successful in investing 75 per cent here without great difficulty.

**Mr. Saltzman:** Perhaps you can see the point of my question. Canada is supposed to be a capital-short country that tends to import a great deal of capital, and it is natural, I think, that there should be some concern expressed over raising capital in Canada and having 25 per cent of it invested elsewhere, even though it may be advantageous from the company's point of view.

Now the question that I would like to ask you is this. Is it possible for a company like yours to invest in this country all the capital you raise in this country? In other words, is it possible to invest here the capital you accumulate in this country?

**Mr. Paterno:** That is what we have done in the last several years. This portfolio three or four years ago was only \$4 million to \$5 million in size. It has now grown to \$13 million, and we have been successful in investing it here.

Let me make one other point now. Of that present \$13 million portfolio, \$4 million is contributed surplus and surplus which came from the parent company.

**Mr. Saltzman:** Has your ratio of Canadian investments to American or international investments changed over the years, or have you maintained this ratio over a period of time? For instance, you were indicating to me that you are investing a great deal more in Canada. This, of course, may simply be a feature of your success, that you are accumulating a great deal more. What I am interested in is: have you changed your ratio of investments? Have you increased it or decreased it as against a few years ago?

**Mr. Paterno:** I am afraid I do not have those figures, and I hesitate to answer without knowing accurately just whether there has been a major change or not. I doubt whether there has been a major change.

**Mr. Saltzman:** Well, thank you Mr. Chairman, and thank you gentlemen.

**The Chairman:** Any more questions?

**Mr. Hales:** May I ask a supplementary question Mr. Chairman? Why do you not invest all your earnings in Canada?

**Mr. Paterno:** I think to do it at this stage of the game would be forcing us into—let me make my point this way. The shortage of capital revolves around new capital, which is very high risk capital for those corporations and endeavours that are new. Now the Canadian and British Insurance Companies Act prohibits us from investing in any company that does not have a record of having paid dividends for five previous years, or so many years out of the last five, five of the last seven. So we are very severely restricted against investing in that particular area.

**Mr. Hales:** In other words, you have to abide by the regulations laid down by the Canadian and British Insurance Companies Act.

**Mr. Paterno:** In some areas, yes, that is correct. In addition, we sort of put a limit on the amount of money we will put into any one investment as a precautionary move.

• 1135

**Mr. Hales:** May I ask another question Mr. Chairman: Has the London and Midland General Insurance Company offices in the Province of Quebec?

**Mr. Paterno:** Yes, we do.

**Mr. Hales:** What percentage of your business in Canada would come from there?

**Mr. Green:** About 33 per cent.

**Mr. Hales:** About one-third. Do you feel that the change of name is going to assist you in doing business in Quebec?

**Mr. Green:** I do not think it will have very much effect one way or the other.

**The Chairman:** Mr. Burton.

**Mr. Burton:** Mr. Chairman, I wanted to ask one or two further questions with regard to investments, and investment policy. I noted that the total investments in Canada, as I understood, amounted to about \$13 million. On what basis do you decide what industries or what investments you are going to make? What is the basis for your decisions?

**Mr. Paterno:** Well, we pretty much leave that to our consulting firm.

**Mr. Burton:** I see, and could you give any breakdown of what industries or what areas of the economy you have your investments in?

**Mr. Paterno:** Let us see. Seven per cent are in cash or one year maturities which would be heavily invested in government treasury bills. In addition to that another 9.6 per cent in Government of Canada securities; roughly 7 per cent in provincial or guaranteed provincial securities; 2 per cent in other municipal or parochial securities; 14 per cent in corporations, and an additional 18½ per cent in corporations in the form of convertibles; these would be predominantly convertible bonds. Five per cent in preferred stocks, and an additional 15 per cent in convertible or participating preferred stocks, and 21 per cent in common stocks.

The type of industries that we are in would be aerospace, less than 1 per cent; agricultural equipment, 1 per cent; automation equipment, 2.4 per cent; automotive equipment, 3.4 per cent; banking and trust, 5.3 per cent; beverages, 1.4; building materials, roughly 1 per cent; chemicals, 1.36 per cent; construction, 1.25; electronics, 3 per cent; food, both distributors and things of that nature, 6 per cent investment companies themselves, which would be trust companies and things of that nature, 10 per cent; merchandising, 13.4 per cent; metals and mining, 5.1 per cent; oil and gas, 8.5 per cent; pipelines, 4.2 per cent; real estate, 6.78 per cent; recreation, 3.3 per cent; secondary manufacturing, 4 per cent; textiles 4.67 per cent; tobacco, 1 per cent; transportation, 1.4 per cent; utilities, 8.3 per cent; and miscellaneous, about 2.4 per cent. So there is a pretty good spread here of all of the things that we possibly can invest in.

**Mr. Burton:** I imagine we could obtain a copy of the company's most recent balance sheet through government agencies.

**Mr. Lambert:** Mr. Chairman, may I raise a point of order here?

**The Chairman:** Yes, Mr. Lambert.

**Mr. Lambert:** I am concerned about the procedure we are following in this Committee on a straight name change. We are going into a corporate group's whole modus of operation which is quite irrelevant to the question before us. If we were incorporating this company, and we were seeing what it was, then I would say the questions with regard to operations and financing and so forth were germane, but, with the greatest respect to the gentlemen asking the questions, they are not germane to this discussion at all. The fact that you open a bill merely to change a name does



not bring the whole kit and caboodle before us for examination. I would suggest that we confine ourselves to that.

• 1140

**The Chairman:** Yes, I was going to call this to the members' attention. You will note it is a very, very short bill, only to change the titles.

**Mr. Saltzman:** Mr. Chairman, on that point of order, I think it has been traditional and it has been accepted both in committee and in the House that when a bill of a company comes before committee or the House any questions a member may think are pertinent, from his point of view, are permitted. Any points he may think are pertinent are raised during those discussions. It has not been my experience that there has been any limitation on questions or discussion when a bill is before committee or before the House.

**Mr. Lambert:** The hon. gentleman has missed out on a lot in the past.

**Mr. Gray:** Mr. Chairman I think that the rules of relevance are not abandoned here—

**The Chairman:** Mr. Gray will you address yourself to the microphone.

**Mr. Gray:** Mr. Chairman, I do not think the rules of relevance are abandoned merely because we are considering a bill pertaining to a private company. In fact to some extent a standing committee, for purposes of deciding its rules of order is supposed to look at the rules followed in Committee of the Whole House. If I am not mistaken, perhaps Mr. Lambert with his experience could confirm or modify this, there is a stricter rule of relevance in Committee of the Whole House than there is in other forms of debate. As I understand, it therefore means that questions and comment, once you are in the equivalent of Committee of the Whole House, really must be rather strictly related to the clause that is being considered at the particular moment.

Now at the present time we are, I think, on the preamble. In fairness to the two gentlemen who have been asking most of the questions I think one could say that one could go slightly beyond the question of whether the name itself should be changed. Whether this means that any member can ask any question he likes, which is what Mr. Saltzman seems to be saying, I think is another matter. If Mr. Saltzman is right he can ask these gentlemen what they had for breakfast or what their

views are on who is going to win the world series next year and so on, which is not, I think, what Parliament is asking us to do when we consider bills of this type.

**The Chairman:** Have you any more questions, Mr. Burton?

**Mr. Burton:** Yes, on the point of order. This is the first time I have served on a House of Commons Committee and it seems to me that it would be rather ludicrous if, in fact, in the examination of this bill before us we were restricted to an examination of the mechanical feature of the bill which is to request a change in the name. When you bring this bill before the Committee asking to change the name of the company I think it inevitably involves an examination of whatever questions the Committee may like to ask regarding the operations of the company and its continued existence under a new name. The gentlemen from the company were asked to make a statement to the Committee with relation to some of the affairs of the company. I want to compliment the officials who did make the statement on the information they voluntarily and quite willingly provided to the Committee. It seems to me that if we are asked to consider a matter such as the change in name of the company and the implications involved in this, we have some responsibility and some right to be able to examine some of the affairs of the company.

**Mr. Lambert:** I would like to make a comment since I raised the point. To argue that point all the way through, then every time there is a bill amending one section before the House—it is no different here than it is before the House—the argument as put forward would indicate that you would examine the whole bill—the whole law as it stands—and, of course, that is patently wrong. Therefore, we are examining here just item one of the bill that incorporated this company and I would put it to you Mr. Chairman, that that is our purpose. The information that has been given and is being asked is very interesting, but not germane to this particular purpose.

• 1145

**Mr. Danson:** Mr. Chairman, I want to preface my remarks with some of the remarks that Mr. Lambert has made that a lot of this questioning has nothing to do with the actual change in name. I think that the questions



with reference to that have been quite well handled and Mr. Paterno has been very helpful to us.

I am new to this House and to parliamentary committees—I am just a businessman trying to become a politician—but a lot of the things that we will be discussing I would think would be in the range of investment and while there would be no obligation on Mr. Paterno's part or anyone to deal with these questions, I think they are very helpful to us, as a Committee, in gaining background. Certainly the Chair should rule on this sort of thing. So that it may be helpful to us in further discussions. I find, as a member of the Committee, this type of information rather helpful and I have some further questions more or less along these lines.

**Mr. Lambert:** I can go into the whole of the finance business. If you want to carry it that far I could ask the witnesses how they are conducting their financial operations and so forth and so on. It then would become interminable.

**The Chairman:** Were you finished, Mr. Burton?

**Mr. Burton:** I was just going to ask, Mr. Chairman, if the officials of the company would be prepared to lay before the Committee a copy of their most recent annual financial statement.

**Mr. Paterno:** Certainly, certainly.

**Mr. Burton:** Could I ask, Mr. Chairman—I could move the motion if necessary—to have this balance sheet printed as an appendix to the proceedings for this day?

**Mr. Paterno:** I would be very happy to. I might add that we are very much aware of the requirement—I call it a requirement, a personal requirement—to be good corporate citizens. I am a Canadian citizen; I am the president of the company. Being a good corporate citizen is not something that we talk about; we practice it and it is uppermost in our minds at all times.

**Mr. Burton:** I appreciate hearing that statement from an official of the company, Mr. Chairman. I just want to ask one further question. Has the company, either at a board of directors meeting or a shareholders meeting ever considered the code of good corporate citizenship that was publicized and set out by a former Minister of Trade and Commerce, Mr. Winters?

**Mr. Paterno:** Yes, we signed and returned that pledge. That was about a year ago.

**An hon. Member:** That was for motherhood and against sin.

**The Chairman:** It was moved by Mr. Burton that the financial statement of the company be printed as an appendix to these proceedings. Is it the wish of this Committee that this be done?

**Mr. Lambert:** I say, Mr. Chairman, it is not germane to this discussion; it is irrelevant and out of order and, therefore, I would oppose merely on that ground. I am trying to establish here a line of conduct for this coming year. It is not that I want to hold up these people or anything like that, but the appropriate place to bring this up is when a business is being incorporated—that is fine—but under this type of thing, no.

**Mr. Saltzman:** Mr. Chairman.

**The Chairman:** Yes, Mr. Saltzman.

**Mr. Saltzman:** If the officials are willing to give this information then why are some of the members of this Committee not agreeable? I think the company realizes—I am very pleased to see that they do—that unless the Committee does get information there is always the possibility it is going to get hung up in the House. I really am pleased that the company is willing to give the Committee this information even though there may be some question of the exact relationship of this information to the bill itself. It is important to this Committee, it is important to the work this Committee is doing and I congratulate the company for their co-operation.

**Mr. Danson:** Mr. Chairman, I appreciate this co-operation too, but I doubt very much if some of the information we are discussing really has much relevance to the change of name. To ask that these be attached as an appendix to the report, I think, is irrelevant and is setting a bad precedent, too.

**The Chairman:** We had a motion, but it was opposed. Does this committee wish to vote on it or what? Do we decide it that way?

**Mr. Gray:** Mr. Chairman, may I offer a compromise suggestion? Why cannot copies of this financial report be...

**The Chairman:** ...distributed to the members of this Committee...

**Mr. Gray:** ...distributed to the members of the Committee? It is not necessary to have it printed.

**The Chairman:** If they wish.

• 1150

**Mr. Gray:** If this information is readily available and the company is quite willing to make it available then it could be distributed in the usual way without it being printed. I might just add that there are occasions when discussion of the corporate structure—the corporate relationships—of a firm are necessary to help the Committee come to a decision even in a matter of a change of name, but I would again repeat what I said before that a bill simply calling for a change of name does not give us the opportunity, under our terms of reference, to cover the whole gambit of the operations of the company even though this may be interesting and even though it may be useful under some other type of formal order of reference in learning more about the operations of this or other industries.

**The Chairman:** Mr. Gillespie on a point of order or on the...

**Mr. Gillespie:** Perhaps I could introduce my particular point through the point of order route. My concern is that I do not think we are talking only about a change of name. When you are changing a name to that of a very large corporation it seems to me that if this company is to be known as the Avco General Insurance Company it is going to carry a rather different reputation in many quarters. It is going to be regarded as a very much stronger corporation than it might have been when it was known as the London and Midland General Insurance Company. Therefore, for that reason I think it is important that we should know something about its assets. I think it is also important that we should have some comment from its president as to what responsibility, if any, the parent feels for the obligations of its subsidiary because I do not think there is any question that this company under a new name will be trading on this particular name, it being a part of a very large corporate group.

I would like to ask two questions, the first one of Mr. Humphrys.

**The Chairman:** I think we should settle...

**Mr. Gray:** Mr. Chairman, perhaps we should settle this question before we start.

**The Chairman:** We will have to settle this first, Mr. Gillespie.

**Mr. Gray:** May I again offer my compromise suggestion regarding the balance sheet of the company or the annual report?

**The Chairman:** Mr. Gray, I was going to ask Mr. Burton if he would be agreeable to your suggestion.

**Mr. Burton:** I would be agreeable to that suggestion, Mr. Chairman.

**The Chairman:** Is it agreeable to the members of this Committee that a financial statement be supplied to the members?

**Some hon. Members:** Agreed.

**Mr. Gillespie:** I will ask my two questions. First, to Mr. Humphrys, is there a precedent for this sort of request for a change of name from the name which has been associated entirely with an insurance company to a name identified with a very large conglomerate group? Perhaps after Mr. Humphrys has answered I could put my second question to the president, Mr. Chairman.

**Mr. Humphrys:** Yes, there are precedents to this type of action, Mr. Chairman.

**Mr. Gillespie:** The second question is, would the president comment on the value he feels that the company may earn as the result of its association with a large conglomerate?

**Mr. Paterno:** Of course, the first benefit to come from this is that we were severely embarrassed about 12 or 15 years ago when London and Midland General Insurance Company of London, England went into bankruptcy. In addition to many questions from some of our agents and some of our policy-holders we do feel, although it is very difficult to measure, that we lost some business as a result. That is one of the primary things. Yes we do wish to change the name in order to change the connotation. It puts it together with the Avco group of companies which is a very much stronger group. I do not think there is any question that the parent's obligation is much stronger than if the company were by itself. The financial resources available to the stronger parent are a great asset—a great asset—not only from a connotation to the public by using our company for its insurance needs, but also with the company's members of this Committee...



We have had several instances where the parent company has had investments in companies or acquired companies where the financial network and the management and financial strength were either severely impaired or in question, and the resources available to the subsidiaries under these circumstances of having a parent group were brought to bear and we were able to change the company around, make it a more solidly-managed company, and improve the financial condition of the company.

• 1155

In fact, London and Midland is a great example of that. When we acquired the company—and this goes back, I believe, to 1961 or 1960—it had a deficit in its surplus account in excess of a million dollars. We have very fortunately, as of the end of September, been able to erase that deficit, and I believe that finally we have got it down to \$53,000, so this type of situation, I think, does lend great strength to it.

**Mr. Gillespie:** I think it is particularly important in view of certain things that have happened in this area amongst certain rather small conglomerates in Canada. There is a company that recently has been appearing on the front pages of business publications, in trouble, some of the companies are in this group.

**Mr. Paterno:** Of course, it is a very good point. Another point I thought of and failed to mention is that there are several companies that are on the weak side and have been, and have recently failed, and we feel that we have benefits to be derived here by changing the name to indicate the strength that is there.

**Mr. Benson:** Mr. Chairman, I think this brings back the question of relevance, then, because when you speak about using the Avco name, which is a highly regarded and respected name, we have had an experience where a great name like the Rock of Gibraltar was used and there was not a relationship. People assumed a relationship between Prudential and Prudential and here the question of financial stability becomes a matter of real concern.

**The Chairman:** Mr. Gray?

**Mr. Gray:** I have a point if Mr. Gillespie will permit me. I think Mr. Gillespie has shown us how questions about corporate

structure, corporate relationships, can and should be related to the question of change of name. It is a rather different thing from a general inquiry into the corporate policies and attitudes of either the parent or the subsidiary in question. I think Mr. Gillespie has been most helpful in showing us how. The type of questions he has been asking are most cogent and most germane to the issues before us in this bill and in similar bills.

**The Chairman:** Mr. Saltzman.

**Mr. Saltzman:** I would like to ask a number of questions regarding US guidelines and their effect on the company. Is your parent subject to the US guidelines on foreign assessment?

**Mr. Paterno:** Yes, in some areas.

**Mr. Saltzman:** Last fall, during the balance of payments difficulties in the United States, do you have any information about whether your parent received requests to repatriate earnings from Canada?

**Mr. Paterno:** I cannot answer that. I really do not know. Not only was there no movement of funds from Canada to the US year, but throughout the last half dozen years there has been a great deal of movement of funds the other way. As President of Avco Delta, I am President of Avco Delta, the parent US company, also. It has not even been mentioned. We have had no pressures applied to us to transfer funds or move funds from Canada to the US. In essence, we moved some 20-odd million dollars up there last year.

**Mr. Saltzman:** From the United States?

**Mr. Paterno:** From the United States, yes.

**Mr. Saltzman:** This is in addition to the premiums you collected in Canada?

**Mr. Paterno:** Yes.

**Mr. Saltzman:** Fine, thank you.

**The Chairman:** Mr. Burton?

**Mr. Burton:** Mr. Chairman, I want to direct a question to Mr. Humphrys. What criteria does he have to examine and satisfy himself on before he could come before this Committee and state that his branch has no objections to the change in name?

**The Chairman:** Mr. Humphrys?



**Mr. Humphrys:** Mr. Chairman, we follow the practice of having a search made in the records of the Department of Consumer and Corporate Affairs in an attempt to locate and identify all companies that have a name that is at all similar to any name that is proposed for a change such as this. We obtain this search list, and if there are companies that have a name so similar as would be likely to or possibly cause confusion or difficulty we would ask the persons proposing the name to consult with these other companies to obtain their consent if there were a possibility of dispute, and if the companies are not in the same line of business and if the possibility of dispute has been so set aside, we feel that we could come before the Committee and say that the Department does not object to the proposed change of name.

If there is a possibility of conflict in name where the public might be confused, we would attempt to have the applicants select some other name. We try to follow two courses: one is to look at it from the public's point of view to see whether there would be confusion, whether there is consent or not, and from the other point of view we try to

make sure that there will not be any dispute on the part of any companies that have a similar name.

Preamble carried.

Clauses 1 and 2 carried.

Title carried.

Bill carried.

**The Chairman:** Shall I report the Bill without amendment?

**Some hon. Members:** Agreed.

**The Chairman:** Thank you very much, gentlemen. For the members, our next meeting will be on Thursday, and we will start on the White Paper on anti-dumping. Mr. Grey will be the first witness.

I ask the members of the steering committee to stay for a while.

**Mr. Gray:** Are you referring to Mr. R. Y. Grey, Assistant Deputy Minister of Finance?

**The Chairman:** That is right. The meeting will take place at the same time but in Room 308.







OFFICIAL REPORT OF MINUTES  
OF  
PROCEEDINGS AND EVIDENCE

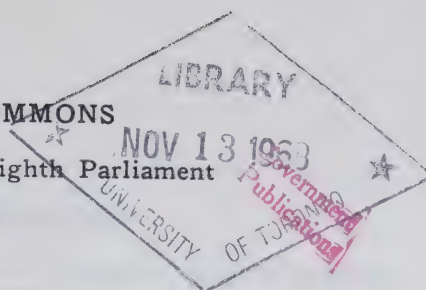
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ALISTAIR FRASER,  
*The Clerk of the House.*

HOUSE OF COMMONS  
First Session—Twenty-eighth Parliament  
1968



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STANDING COMMITTEE  
ON  
**FINANCE, TRADE AND ECONOMIC AFFAIRS**

*Chairman:* Mr. GASTON CLERMONT

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MINUTES OF PROCEEDINGS AND EVIDENCE  
No. 2

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THURSDAY, OCTOBER 24, 1968

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*Respecting*  
WHITE PAPER ON ANTI-DUMPING

*Including*  
APPENDIX A

Article XIX, General Agreement on Tariffs and Trade.

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WITNESS:

Mr. R. Y. Grey, Assistant Deputy Minister, Department of Finance.

ROGER DUHAMEL, F.R.S.C.  
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
OTTAWA, 1968

STANDING COMMITTEE ON  
FINANCE, TRADE, AND ECONOMIC AFFAIRS

*Chairman:* Mr. Gaston Clermont

*Vice-Chairman:* Mr. A. Gillespie

and Messrs.

Blair,  
Burton,  
Comtois,  
Danson,  
Downey,  
Émard,

Flemming,  
Gauthier,  
<sup>1</sup> Givens,  
<sup>2</sup> Gleave,  
Gray,  
Hales,

Harkness,  
Lambert (*Edmonton*  
*West*),  
Latulippe,  
<sup>3</sup> Perrault,  
Roberts,  
Trudel—20.

Dorothy F. Ballantine,  
*Clerk of the Committee.*

<sup>1</sup> Replaced Mr. Breau, October 23, 1968.

<sup>2</sup> Replaced Mr. Saltsman, October 23, 1968.

<sup>3</sup> Replaced Mr. De Bané, October 23, 1968.



ORDERS OF REFERENCE

THURSDAY, October 10, 1968.

*Ordered*,—That the White Paper on Anti-Dumping tabled on September 20, 1968, be referred to the Standing Committee on Finance, Trade and Economic Affairs.

WEDNESDAY, October 23, 1968.

*Ordered*,—That the names of Messrs. Givens, Gleave and Perrault be substituted for those of Messrs. Breau, Saltsman and De Bané on the Standing Committee on Finance, Trade and Economic Affairs.

ATTEST:

ALISTAIR FRASER,  
*The Clerk of the House of Commons.*

## REPORT TO THE HOUSE

THURSDAY, October 24, 1968.

The Standing Committee on Finance, Trade and Economic Affairs has the honour to present its

### SECOND REPORT

Your Committee recommends that it be authorized to sit while the House is sitting.

Respectfully submitted,

GASTON CLERMONT,  
*Chairman.*

## MINUTES OF PROCEEDINGS

THURSDAY, October 24, 1968.

(3)

### (Text)

The Standing Committee on Finance, Trade and Economic Affairs met at 11.15 a.m. this day, the Chairman, Mr. Clermont, presiding.

*Members present:* Messrs. Blair, Burton, Clermont, Comtois, Danson, Emard, Flemming, Givens, Gillespie, Gleave, Gray, Hales, Lambert (*Edmonton West*), Perrault, Trudel—(15).

*Also present:* Messrs. Alexander and Douglas.

*In attendance:* Mr. R. Y. Grey, Assistant Deputy Minister, Department of Finance and Mr. C. D. Arthur, International Economic Relations Division, Department of Finance.

*Also in attendance:* *From the Department of National Revenue (Customs and Excise):* Messrs. R. C. Labarge, Deputy Minister; A. R. Hind, Assistant Deputy Minister; M. T. Keam, Director, Customs Appraisal Division; H. D. MacDermid, Chief, Valuation Section; *From the Department of Trade and Commerce:* Mr. T. M. Burns, General Director, Office of Trade Relations; *From the Department of Industry:* Mr. V. R. St. Louis, Commercial Policy Division. And Mr. H. Calof, Solicitor to the Treasury.

The Chairman presented the First Report of the Sub-Committee on Agenda and Procedure which is as follows:

Your Sub-Committee on Agenda and Procedure met on October 22, 1968, and has agreed as follows:

- (a) To request permission to sit while the House is sitting;
- (b) To sit regularly on Tuesday and Thursday mornings, and in the afternoons as well when the House has granted permission;
- (c) To hear first government officials, followed by submissions from outside organizations and individuals;
- (d) Copies of briefs will be distributed in advance to members of the Committee for study prior to each meeting, and also to government officials concerned who may be asked to comment on them at the time they are presented;
- (e) The deadline for submission of briefs from outside organizations will be 12.00 noon, Tuesday, November 12, 1968, and organizations will be asked to submit 50 copies of their brief in English and/or French.

Mr. Gray, seconded by Mr. Lambert, moved that the Report be approved, but that paragraph (b) be deleted in order to permit more flexibility in arranging meetings.

After discussion, the report was approved, as amended.



At the request of the Chairman, the Clerk read some general rules with reference to procedure in dealing with briefs adapted from procedure followed earlier this year by this Committee when it studied the Kennedy Round of tariff negotiations. These are as follows:

- (a) Organizations or individuals who wish to present briefs in person are required to provide 50 copies of their brief in English and/or French for use of the Committee not later than 12.00 noon, Tuesday, November 12, 1968;
- (b) Briefs should be sent to: Miss Dorothy F. Ballantine, Clerk of the Standing Committee of Finance, Trade and Economic Affairs, House of Commons, Ottawa, Ontario;
- (c) In order to give the members the opportunity of prior study, briefs will be distributed in advance of the appearance of the witnesses;
- (d) At the meeting the witness will be asked to summarize his brief rather than read it in full before the Committee proceeds to questioning;
- (e) Briefs shall be regarded as confidential until presented before the Committee; the Clerk, when distributing briefs to the members, will append an instruction stating that the briefs are not to be disclosed to the press or any other medium of communication until presented to the Committee;
- (f) The Committee reserves the right to decide whether an organization or individual submitting a brief will be invited to appear or whether his brief will be considered by the Committee simply in written form;
- (g) Each brief shall be printed as an appendix to the Minutes of Proceedings and Evidence of the day on which it is presented.

After discussion the rules of procedure were *approved* on motion of Mr. Gray, seconded by Mr. Comtois.

The Committee then proceeded to consideration of the White Paper on Anti-Dumping, and the Chairman called the witnesses, Messrs. Grey and Arthur.

Mr. Grey made a detailed statement on the international code on the application of anti-dumping duties and the proposed draft *Anti-dumping Act* included in the White Paper.

Mr. Grey was questioned by the Committee.

The Committee noted that Mr. Grey had referred to Article 19 of the General Agreement on Tariffs and Trade which was not included in the White Paper. Mr. Grey agreed to provide copies to the Committee and it was *agreed* that Article 19 be included as an appendix to this day's Minutes of Proceedings and Evidence (*See Appendix A*)

At 12.50 p.m. the Committee adjourned until 11.00 a.m., Tuesday, October 29, 1968.

Dorothy F. Ballantine,  
*Clerk of the Committee.*

## EVIDENCE

(Recorded by Electronic Apparatus)

Thursday, October 24, 1968

• 1117

**The Chairman:** Gentlemen, I see a quorum. May we start our proceedings?

At our first meeting on the White Paper on Anti-Dumping I am pleased to welcome everyone, especially a group of students from Carleton University who seem to be very interested in this matter.

Before calling on Mr. Gray to give an extensive report on the White Paper, I would like to state that Tuesday after our regular meeting on Bill No. C-101 your Steering Committee met. I have here the first report of the Subcommittee on Agenda and Precedure.

(See Minutes of Proceedings)

Gentlemen, are there any comments on the report from your Subcommittee?

[Interpretation]

Yes, Mr. Énard.

**Mr. Énard:** Mr. Chairman, are the names of the members of the Steering Committee listed somewhere?

**The Chairman:** Mr. Énard, at our meeting on Tuesday your Chairman announced the names of the members on the sub-committee. Here is the list presented after consultations with the whips of each party represented on the Committee.

The representative of the Conservative Party are: Mr. Harkness, and Mr. Lambert; representing the NDP Party: Mr. Saltsman; and representing the Liberal Party: the Chairman and the Vice-Chairman, and Messrs. Comtois and Gray; and representing the "Ralliement des Créditistes" is Mr. Henri Latulippe.

[English]

Yes, Mr. Gray.

• 1120

**Mr. Gray:** Mr. Chairman, with reference to the times of sitting of the Committee—

**The Chairman:** Mr. Gray, I understand from our Clerk that before we discuss that report I should receive a motion.

(See Minutes of Proceedings)

**Mr. Gray:** Speaking on the motion to adopt the report, my recollection of our discussions in the Steering Committee on times of sitting was that although we had discussed the idea of meeting on Tuesdays and Thursdays, in the morning and afternoon, we did not come to any final and firm decision on definitely fixing our meetings at those times.

Perhaps you as Chairman, would have greater flexibility in your work if our discussions along those lines were reported to the Committee but not made part of the formal report to be adopted by the Committee. I make this just as a suggestion, not as a major point for consideration.

**The Chairman:** You are referring, Mr. Gray, to Section B which calls for sitting regularly on Tuesday and Thursday mornings and in the afternoon as well when the House has granted permission? You suggest that we forget about that?

**Mr. Gray:** No, I do not suggest that we forget about it. I suggest that you do not put it in the report that you convey to the Committee. It is the view of yourself and the Steering Committee that, generally, these will be the times we should meet, but rather than make it a formal part of the report I suggest it be conveyed as information to the Committee, to give you greater flexibility in scheduling meetings.

Otherwise, if circumstances arise, making it impossible to follow this exact schedule, or making it necessary for it to be varied in one way or another, your hands would be tied.

**The Chairman:** I have no objection, Mr. Gray, if other members of the Committee think as you do.

**Some hon. Members:** Agreed.

**The Chairman:** Have you any other comments, gentlemen, on the report from your



Steering Committee? Have you any questions? Is everyone agreed?

**Mr. Danson:** Mr. Chairman, I am new here and I not want to appear to be too eager a beaver, but certain of the procedures can sometimes be a little frustrating. I believe the meeting was called for 11 o'clock and the departmental officials took the time to be here promptly, as did members of the public. Perhaps some Members, realizing that these meetings all start late, do come late. Could we not set a precedent for starting on time, out of courtesy and for efficiency's sake?

**Mr. Lambert:** We have previous meetings, too.

**An hon. Member:** A little bit of experience will help you.

**The Chairman:** Yes, that is what happened, Mr. Danson. There were other meetings going on when our meeting started.

**Mr. Gray:** Mr. Chairman, perhaps we should place on the record the fact that generally, and if necessary, we begin our meetings promptly at 11 o'clock, on an unofficial basis, to take evidence.

The reason, Mr. Chairman, that I believe you waited for a formal quorum is that you wished to finish the business which required a quorum before proceeding to taking evidence, and certain members were involved in organizational committee meetings which required their presence to make quorums. Using our procedures of other years in this Committee I am sure that you will be starting the meetings in a prompt fashion and, if necessary, on an unofficial basis, to take evidence.

• 1125

**The Chairman:** Another reason, too, Mr. Gray, is that in the late hours of last night, or before 10 o'clock, three regular members were replaced and perhaps the replacements were not made aware of that. I will now ask our Clerk to read other general rules that were approved, or suggested, by the Steering Committee.

(See Minutes of Proceedings)

Before I call for any comments on these rules may I have a mover and a seconder?

(See Minutes of Proceedings)

Are there any comments on those general rules, gentlemen?

**Mr. Gray:** In explanation, these are basically the rules that we followed when we considered the Kennedy Round tariff resolutions, and they seemed to serve very satisfactory.

**The Chairman:** Are there any questions?

**Some hon. Members:** Agreed.

**The Chairman:** Thank you.

I will now ask Mr. R. Y. Grey, Assistant Deputy Minister, Department of Finance, and Mr. C. D. Arthur, International Economic Relations Division, Department of Finance, to come to the front, please.

I understand that Mr. Grey has many comments to make on the White Paper, and I will ask him to start.

**Mr. R. Y. Grey (Assistant Deputy Minister, Department of Finance):** Mr. Chairman, I propose to make a fairly lengthy explanatory statement about the form of this proposed bill incorporated in the White Paper, if that is satisfactory to the Committee.

I would like to begin with the exposition of a rather obvious point. In representations to the Minister of Finance and to his officials it has become clear to us that it is not understood by everyone concerned why the government is proposing to proceed by way of this Bill, so if you will allow me, Mr. Chairman, I would like to talk about the problems that face various governments when they decide to implement international obligations.

We are concerned here with an international treaty and the question of how we can bring our law and administrative practices into conformity with that treaty.

In some countries there is a special procedure by which an international agreement is given force in domestic law. Students of the United States constitutional practice are familiar with that special procedure in the United States.

In relation to previous commercial policy agreements entered into by the Government of Canada, the Government has chosen occasionally to have those given the force of domestic law by a simple bill to which the agreement is annexed. An example is the Canada-Australia Trade Agreement which, a few years ago, was given the force of law by a fairly simply drafted statute which really incorporates the actual wording of that agreement. This, of course, would not be appropriate in relation to the so-called Anti-dumping Code because the language of the Code is, on many important matters, broad and, some



might say, ambiguous because it has to cover the jurisprudence and the administrative practices of a number of different jurisdictions.

• 1130

Another technique by which a country can meet its international obligations is by its legislation being broadly permissive in character, and therefore officials can be directed by ministers to act in accordance with the obligation. That is the course being followed, as I understand it, by the United Kingdom Government in this connection. Its anti-dumping legislation is broad and discretionary and therefore it is open to that government to meet its obligations by merely directing its officials to behave in a certain manner.

We appreciate Mr. Chairman, that the obligation that Canada has assumed relates to what we do and not the words in our legislation, but the result of those words.

Another technique that is open to governments is the use of subordinate legislation, in that case by the issue of regulations drawing their force from the statute. That is what Canada did in carrying out a number of obligations to reduce tariffs prior to the Kennedy Round. There are a number of Orders in Council which draw their force from Section 10 of the Customs Tariff by which the government has reduced rates of duty which is an example of the use of subordinate legislative power, or delegated power, to meet an international obligation.

That is how the United States Government is carrying out its obligations under the Code. We have found that in an issue of the *Federal Register* published earlier this year a number of regulations are made which reform or change the procedures under which the officials of the United States treasury carry out their particular portion of the United States anti-dumping procedures.

Now the last technique I wish to cite is the one that is particularly relevant here and that is to proceed by way of a separate statute to bring the domestic law into conformity with the international obligation. That is what the United States Government proceeded to do in order to meet its obligations under the Canada-United States Automotive Products Agreement. It passed a separate piece of legislation which amended various existing United States statutes. So that the practice under those statutes met the agreement they had entered into with Canada. That was a

choice which faced the United States administration, whether they would do that or use the treaty procedure.

The government has concluded, Mr. Chairman, the proper course here, because of the nature of the Code and the language of the Code, that it would be more appropriate to proceed by a separate bill in which the anti-dumping system in Canada would be considerably altered to bring it into conformity with the Code.

An additional reason for doing this is that there are a number of areas of importance in the administration of anti-dumping duties on which the Code is silent and it is also necessary to legislate on these matters.

Mr. Chairman, if that makes clear the reason why we are proceeding by a bill rather than simply bringing the convention into force for Canada by a simple enactment, I will now proceed to talk about the scheme of the proposed Bill.

Mr. Chairman, I do not propose to proceed on a clause by clause basis. I think that would probably be confusing to members of the Committee at this stage. I want to talk about the principal features of the draft bill as set out in the White Paper and the relationship of those main features to the various provisions of the so-called Code. I will draw attention from time to time to the features of the Bill, on which the Code is silent.

First of all, perhaps it would be helpful if I made a few comments of a very general character about the question of dumping and the background to the Code before proceeding in this schematic way to go through the Bill. Article VI of the General Agreement which is set out on page 9 of the White Paper has provided since 1947 and I quote:

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...that dumping, by which products of one country are introduced into the commerce of another country at less than the normal value of the products, is to be condemned if it causes or threatens material injury to an established industry in the territory of a contracting party or materially retards the establishment of a domestic industry,"

And that anti-dumping duties may be applied to offset the impact of dumping.

Now conversely, this provision in the GATT can be interpreted to mean that the practice of dumping should escape condemnation provided it does not cause or threaten

injury or materially retard the establishment of a domestic industry. This Article of the GATT sets out only in very broad terms what constitutes dumping: it does not define the concept of injury and it does not define the word "material", although it should be noted that in another provision of the GATT, Article XIX, there is another adjective describing serious injury and these two words should be compared.

Article VI of the GATT was silent on the very important matters of procedures. It is possibly because of these deficiencies or silences in the GATT that differences have arisen over the years in the anti-dumping procedures of different countries and it is because of this and the growing importance of anti-dumping administration in the policies and practices of various governments that during the Kennedy Round the major trading countries agreed that they should work out a new convention that would ensure a degree of uniformity in the use of national anti-dumping legislation and in the procedures involved.

The Canadian Government decided that Canadian representatives should participate very actively in these negotiations because without such participation on the part of Canada there was some risk that a Code would be developed which would not reflect Canadian views or the rather peculiar needs of our economy. If this happened, obviously we would be under pressure then from some of our trading partners to adhere to the Code and I think it was the conclusion that in that situation our interests might be prejudiced.

As is stated by the Minister of Finance in the introduction to the White Paper the government authorized signature of the Code on behalf of Canada because it concluded that Canada's two principal objectives in the negotiations had been achieved. Namely that the Code when implemented by other countries would serve to protect Canadian exports against the unreasonable use of anti-dumping duties by other countries. At the same time it was drafted in such a way as to enable Canada to apply these duties when dumping caused or threatened injury to Canadian industry or materially retarded the establishment of industry in Canada. The other signatories to the Code have been under an obligation to apply it from July 1 last. Our obligation was modified so that we are to comply with its terms not later than January 1 next.

I think it is generally known, Mr. Chairman, that Canada was in fact the first country to establish legislation specifically dealing with dumping, that it was in 1904. Present legislation is set out in Section 6 of the Customs Tariff; it is reproduced in the White Paper and broadly speaking it is very little changed from the original law as introduced in the House by Mr. Fielding. It provides that if the actual selling price of the imported goods ruled to be of a class or kind made in Canada is less than the fair market value of the goods as determined under the Customs Act, then in addition to the normal duties under the Customs Tariff, a special or anti-dumping duty is to be levied equal to the difference between the selling price and the fair market value up to a maximum 50 per cent *ad valorem*. Almost every one of those phrases that I have used has been the subject of extensive jurisprudence since 1904.

#### • 1140

It is provided by an Order in Council which was passed many years ago under the authority of subsection (10) of Section 6 of the Customs Tariff that in order to obtain a ruling that a product is of a class or kind made in Canada, Canadian firms must produce an amount equal to at least 10 per cent of domestic consumption of that product—of that class or kind. It follows from these provisions that no protection under Canadian law can be given against dumping to producers who produce less than the required 10 per cent or to firms just starting out in business when, it may be argued, they require such protection most.

Until legislation along the lines contemplated in the White Paper is passed it is not possible for Canada to take advantage of the provision in the GATT that anti-dumping duties may be used against dumping which materially retards the establishment of a new industry.

It is also argued on the other side that because of the so-called automatic application of anti-dumping duties by Canada many Canadian consumers and business firms have to pay more than they should for imported materials and other goods and that Canadian producers who are not being injured or threatened by dumping get protection that they do not need.

Another most important point is that the existing anti-dumping provisions do not



explicitly require a formal inquiry or determination by the government that injury has occurred or is threatened to a domestic injury because of dumping. Rather our law which appears possibly to be rather cumbersome because it has to be found by inspection of two separate statutes involves a set of general rules of law which are applied by officials of the Department of National Revenue to each import transaction. It is the lack of a formal and public inquiry into injury which has given rise to a number of complaints from our trading partners during the past few years.

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It is in the light of these various considerations, Mr. Chairman, that the government considered it would be appropriate to proceed by a separate bill which deals exclusively with the question of anti-dumping duties. We are following here the example of the United Kingdom and of the United States which have specific legislation on anti-dumping duties separate from their normal customs legislation.

This provides an opportunity to modernize certain features of the anti-dumping procedures on which the code is silent. It also makes it somewhat easier for officials applying the law to distinguish between the concepts of normal value and export price which for Canada, as for other countries, may differ quite sharply from the concept of selling price and fair market value under the usual customs legislation.

That is all I want to say, Mr. Chairman, at this time by way of background and I would now like to proceed by looking at the scheme of the proposed Bill.

Clause 8 of the draft act provides that goods are dumped if the normal value exceeds the export price and I would like to emphasize that these are the terms taken from the Code. This clause also defines the margin of dumping as the amount by which the normal value of the goods exceeds the export price of the goods.

Clauses 9 through to 12 of the draft act set out the criteria or the rules to be followed in the determination of both normal value and export price.

Taken together, these five clauses may be considered as the most important in the bill in that they outline the conditions under which goods can be held to be dumped into

Canada and the basis in law for the measurement of the margin of dumping. It might mention, Mr. Chairman, that the concept of margin of dumping which is used in the Code and has been carried forward into the bill is quite a different concept than that which we now have in Canadian law. It relates to the difference between two numerical values—the normal value and the export price. Both of these are to be subject to a determination by the national authorities under the Code which will be carried out in our case by the Department of National Revenue. I should emphasize, Mr. Chairman, that unlike some other jurisdictions it is contemplated that the application of these provisions to each import transaction after there has been a finding of injury is to be subject to appeal to the Tariff Board on matters of fact and to the Exchequer Court beyond the Tariff Board on matters of law. That would incorporate in the anti-dumping provisions the same appeal procedures as are now in force in relation to the determination of value for duty and tariff classifications and so forth under the Customs Act.

Clause 9 provides that the normal value—this is on page 48—is to be taken as the price at which like goods—"like" under the Code means identical goods—are sold at arms, length in the ordinary course or trade in the country of export at about the same point in time as the goods are sold to the Canadian importer. Detailed adjustments for differences in the terms and conditions of sale and taxation and other differences affecting price comparability between the sales in the country of export and the sale in question to the Canadian importer are to be set out in regulations passed by the Governor in Council.

I would like to say, Mr. Chairman, that those regulations which give rather more meaning to the anti-dumping scheme than is evident from this bill are in an advance stage of preparation and we have in mind that if the Minister of Finance approves they may be available for the information of members of this Committee before January 1. It will be appreciated, Mr. Chairman, however, that it has frequently been the case that Parliament passes legislation and the regulations are issued afterwards, but in order for this rather involved new legislative scheme to be understood we are hoping that these key regulations that go to determine the margin of dumping can be made available considerably before January 1.



• 1150

**Mr. Alexander:** Mr. Chairman, if I may interject just for a second, I know that it is proposed that those who have any briefs to submit regarding the anti-dumping...

**The Chairman:** Mr. Alexander, what is your point of order?

**Mr. Alexander:** On this point of order I was wondering whether the regulations would be available to those who have any intention of submitting briefs. I understand, Mr. Chairman, that it is fairly impossible for them to submit a brief on the basis of the proposed act as outlined in the White Paper, if there is no indication of what the regulations are. I am just wondering if there is a possibility of these proposed regulations being available to those who want to submit briefs in order that they can prepare the required briefs. It appears to me that the regulations are a very important part.

**Mr. Grey:** Well, Mr. Chairman, as soon as these regulations in draft have been considered by the senior legal advisers to the government I would hope that they could be made available to this Committee, and perhaps they might be printed in the Committee's proceedings and made available to the public in that way. Of course, because they are regulations, if in March it is found we have made some technical error, they can be changed. There is a rather different situation with regard to the bill. It will not be physically possible to have all the regulations made available to this Committee, before January 1, but we do indeed hope that the key ones can be made available very shortly.

**Mr. Alexander:** Thank you Mr. Chairman.

**Mr. Gray:** Before Mr. Grey proceeds I do not want to make an issue of this but certainly just to note this so a precedent will not be created. I think in the past people who are not official members of the Committee have not been allowed by the Chairman to raise formal points of order or privilege, although Mr. Alexander may merely have intended to ask a question.

**The Chairman:** I think it was a question. I mentioned a point of order but I think it was a question, Mr. Gray.

**Mr. Alexander:** It was a question rather than a point of order Mr. Chairman.

**The Chairman:** Thank you. I was the one to say a point of order. I think it was a question—not "I think", it was a question...

**Mr. Alexander:** It was a question.

**The Chairman:** ...for information.

**Mr. Alexander:** Thank you sir.

**Mr. Givens:** Mr. Chairman, am I to understand that the sequence of events will be that subsequent to the publishing of the regulations briefs will be invited?

**The Chairman:** No, sir. We have decided—not we, you have decided—that the deadline for receiving briefs will be November 12, and already some organizations have indicated they will present briefs without waiting for those regulations.

**Mr. Givens:** November 12 is the deadline.

**The Chairman:** At noon, yes. Mr. Lambert?

**Mr. Lambert:** Perhaps this will help Mr. Givens. As you know, the House passed a recommendation that we set up a committee on delegated legislation. Well, this is the type of regulation that will come before that committee and it will be subject to review there, but some time next year. We are hoping that we can evolve this process. It is something new.

**Mr. Givens:** Well that may open up a whole can of worms.

**Mr. Lambert:** Well, some of them contain a lot of worms.

**The Chairman:** Who will keep the one with the fish?

• 1155

**Mr. Grey:** Mr. Chairman, to revert to the subject matter of the proposed key regulations, it will be appreciated that to achieve comparability between the exporter's sales in his home market and the sale in question to Canada, recognition must be given to legitimate differences for quantities, levels of trade, deferred discount, costs of freight and differences in taxation systems. Under our present legislation these are provided for either in the Customs Act or in the general regulations under section 6 of the Customs Tariff Act and those latter ones are reproduced in the White Paper.

It is our view that in considering the question of allowances a great deal of care must be taken to ensure that the exporter does not claim more in respect of the sale to the Canadian importer than is his normal practice

in relation to sales in his home market. I might also emphasize, Mr. Chairman, that the reason these regulations are not yet available is that we are making a close study of the practice of other countries, because it is not self-evident in calculating these many allowances and prescribing rules of law under which officials of the Department of National Revenue will make this calculation that it would be expedient for Canada to be more generous in relation to a particular allowance than are our major trading partners, but that involves a very detailed study of a vast mass of legislation in other countries. If it were not for that consideration they would have been long since available.

Now, if it is not possible to establish normal value in this way the Bill provides for three alternative methods. The first is, if the exporter sold goods solely or primarily for export, but there were sales of like goods for consumption in the market of the exporting country by other vendors in the exporting country, the Department of National Revenue may find normal values by looking at these other transactions. The second is by reference to the price at which like goods are sold by that exporter to importers in a third country, and a third method, the cost of production of the goods, plus an allowance for administrative, selling, and all other costs, and for profits.

In the case of the latter two methods the Minister of National Revenue would be required under the proposed legislation to exercise an option as to which basis is to be used in a particular case. I might point out Mr. Chairman that the concept of finding normal value by reference to sales by the exporter to a third country has long been provided for in GATT, but it is new to Canadian practice.

In the case of goods that are exported to Canada from a country whose economy is controlled by the state, a so-called state trading country, it is contemplated that the normal value—the value of the goods when sold for consumption in the exporting country—is to be determined in the manner prescribed by the Minister. Accordingly it will be possible to continue the present practice of establishing values for imports from such sources by reference to the values at which like goods are sold in neighbouring free market countries under normal conditions. What will be new in this case of course in Canadian practice is the need to enquire into whether or not such imports cause or threaten injury.

• 1200

Clause 10, page 52, provides that the export price—I might explain Mr. Chairman, that “export price” is a rather misleading term. It is the price to the Canadian importer on an f.o.b. basis. It is really what the concept is. The use of the term “export” has, I gather, confused a number of people. It is the term that is used in the Code, and we have adopted it for this Bill. It is to be taken as the amount equal to the lesser of the exporter's sale price for the goods or the importer's purchase price for the goods adjusted in a manner to be prescribed by regulations to exclude all the charges in relation to those goods resulting from or arising after their shipment to Canada; that is to put this importer's price on an f.o.b. basis.

Provision is made in clause 10 subclause (2) for the establishment of an export price where none exists; for example, in relation to consignment shipping, or where the exporter's price is considered to be unreliable because the transaction has taken place between associated persons. “Associated persons” are defined, Mr. Chairman, in this bill as people who are not dealing at “arm's length”, as defined in the Income Tax Act, or because there may be some compensatory arrangement between the parties concerned.

This provision will be most important in dealing with what has been called “hidden”, or, in France, “occult” dumping, because it requires, or allows, seeing through a transaction in those cases involving companies that are not dealing with each other at arm's length.

I might say that it is a matter of fact that it has often been represented to us that the existing Canadian anti-dumping provisions are not as effective in protecting Canadian producers from such dumping as are the laws of some other countries, such as those of France.

Clause 11, at page 56, is a sort of residual provision which would provide the Minister of National Revenue with authority under the proposed legislation to prescribe the manner in which the normal value and the export price are to be determined where sufficient information is not available. This is explicitly provided for in the Code.

Clause 12 carries forward into the anti-dumping legislation two provisions of the Customs Act that relate to indirect shipping.



Now, Mr. Chairman, it might be asked: How do these clauses of the Bill compare with the provisions of the Code? The draftsmen believe that, errors and omissions excepted, they have accurately translated into Canadian law our rights and obligations under the Code. I believe the Committee will find that these provisions are precisely in accord with Article 2 of the Code, on page 12 of the White Paper, which is the Article of the Code concerned with the determination of dumping. I think for this reason it would be repetitious to examine each paragraph of Article 2 at this time.

However, perhaps it would be helpful if I identified the relationship between the various paragraphs of this Article and the concepts used in the draft bill. You will forgive me, Mr. Chairman, if I set this out rather synoptically. It will possibly be of some use to those who may read the proceedings of this Committee.

Paragraphs (a), (b), (d) and (f) are concerned with normal value, whereas paragraph (e) and the last sentence of paragraph (f) relate to export price. Paragraph (c) deals with indirect shipment. Paragraph (g) authorizes the continued use of our present method of valuing goods imported from state trading countries.

• 1205

Mr. Chairman, that is all I have to say at this stage about the question of what is dumping and how the margin of dumping may be calculated. I would now like to turn to the question of injury.

The second major requirement both in the draft bill that is before you—I should say, Mr. Chairman, the proposed draft bill—and in the Code is that there must be a formal inquiry into the impact of dumping on Canadian production. Anti-dumping duties may be levied definitively only when dumped goods:

(a) has caused, is causing or is likely to cause material injury to the production in Canada of like goods, or

(b) has materially retarded or is materially retarding the establishment of the production in Canada of like goods,

Mr. Chairman, the word "likely" in the sentence I have just read is what we have used for the concept of threat; and I believe that on this point we are exactly in accord with United States' practice. The threat of material injury is taken to mean that if the

dumping goes on injury is likely to occur. It is that way in which "threat" is used in the United States' legislation, and I think we have made it somewhat clearer in the proposed draft bill than in the Code. It is this requirement, that there be a formal inquiry, which is the most significant change from present practice.

Article 3 of the Code is concerned with the determination of injury. This is at page 14. I would like to point out that it does not say what injury is but does give some guidance on what sort of thing should be looked at, what indices should be used in assessing injury and whether it is material. It does not define what is injury.

The draft bill, Mr. Chairman, contemplates the establishment of an anti-dumping tribunal, composed of not more than five members, to be appointed by the Governor in Council; and they are to receive representations, to hear evidence, and to arrive at decisions on the effect of dumped imports on Canadian production.

I would like to emphasize, Mr. Chairman, that neither in the Code nor in the proposed draft bill is it anywhere suggested that there is an onus on the producers of Canadian goods to prove that they are injured or threatened with injury. The obligation not to levy anti-dumping duties except in those circumstances is an obligation that is on the Government of Canada and the responsibility is the Government's to establish whether or not there is injury or a threat of injury. It is not the responsibility of Canadian producers to prove this; rather the Canadian Government is required to exercise some judgment.

The draft bill also provides for the setting up of a panel—this may be considered a rather novel procedure—to be composed of the deputy ministers, or their alternates, of various interested government departments, who may be judged to have information available which would be useful to the tribunal; and they are to provide advice to the tribunal before it issues an order or finding. The tribunal is, of course, not bound by the advice received from the panel.

Clause 16 of the draft bill outlines, in very general terms, the procedures to be followed by the tribunal in the course of an inquiry. It is on page 66. Part 3 of the proposed draft bill provides authority for the establishment and functioning of the tribunal and of the panel.



**Mr. Givens:** Would this panel be permanent or *ad hoc*?

**Mr. Grey:** Mr. Chairman, the panel is composed of the deputy ministers, or their alternates, and its membership obviously changes as different deputy ministers come and go.

• 1210

Now I will turn to the question of procedures. Part II of the draft act sets out the procedures to be followed by the Department of National Revenue and the Anti-dumping Tribunal in the investigation of dumping and the inquiry into injury. In summary, an investigation is to be initiated by the Deputy Minister of National Revenue either on his own initiative or on receipt of a complaint on behalf of Canadian producers if, in his opinion, there is evidence of dumping and either he or the tribunal is of the opinion that there is evidence that the dumping is injurious to production in Canada.

I hope you will allow me, Mr. Chairman, to not repeat "causes or threatens injury, or materially retards". The Code uses a bit of shorthand in this and I will use the term "injury" to mean all these three different concepts which, of course, in the bill are very carefully spelled out. If, as a result of this initial investigation, the Deputy Minister concludes that the goods are being dumped he makes what is called a preliminary determination and from that date until an order or finding is made by the tribunal, imports of the goods in question are entered provisionally subject to a final decision by the Deputy Minister regarding the amount of duty payable and the Deputy Minister may demand either the payment of provisional duties, according to his provisional calculation of the margin of dumping, or the posting of a security in respect of any goods entered during this period.

Should the Deputy Minister decide not to initiate an investigation after receiving a complaint or having the matter drawn to his attention by his officials, he must advise the complainant in writing of this decision and the reasons for such decision. If the investigation was not initiated merely because the Deputy Minister was of the opinion that there was not sufficient evidence of injury, the Bill provides that the complainant may have the matter referred to the Tribunal for its opinion on the question of whether there is evidence of injury.

I would like to emphasize, Mr. Chairman, that at this stage in the proposed procedures there is quite a difference between a finding of injury and the expression of an opinion that there is some evidence of injury. These are really two quite different concepts in law. As required in Article 5 (c) of the Code the Bill provides that the Deputy Minister must terminate the investigation before making a preliminary determination if he is satisfied that there is insufficient evidence of dumping to justify proceeding with the investigation or that the margin of dumping of the goods or the actual or potential volume of the dumped goods is negligible, or if there is not, in his opinion, sufficient evidence of injury.

If the investigation is terminated because the Deputy Minister has formed the opinion that there is a lack of evidence of injury, the matter may be referred to the Tribunal for its opinion which must be rendered as soon as possible. Public notice must be given under the proposed draft bill of the Deputy Minister's decisions regarding, first, the initiation of investigation, the preliminary determination, the final determination and any termination of an investigation.

Upon receiving the Deputy Minister's preliminary determination of dumping—let me explain Mr. Chairman, that the preliminary determination by the Deputy Minister is a sort of legal finding that would presumably be published in *The Canada Gazette*—the Anti-dumping Tribunal is required to enquire into whether the dumping of these goods is the cause of injury or threat of injury or material retardation. Clause 16 (2) on page 70 provides that the Tribunal may also direct the Deputy Minister to investigate the dumping of goods similar to those covered by the preliminary determination in the unlikely event that the Deputy Minister of National Revenue has not cast his net wide enough.

• 1215

The Tribunal must, within a period of three months from the date of the preliminary determination, decide on the impact of the dumping on Canadian production. This is required under the Code and in the Code this concept was taken from the United States legislation, which requires that the Tariff Commission must make its finding within 90 days.

If the Tribunal finds injury and it makes its order or finding to that effect, then the

Deputy Minister must make a final determination of dumping in respect of any goods as described in the order which were entered into Canada before the order of finding of the Tribunal and the anti-dumping duties then are levied definitively on those goods. Prior to that they may have been levied provisionally.

All like goods entered at Customs subsequent to the Tribunal's order or finding are subject to the definitive application of dumping duties at the time of entry in the amount of the margin of dumping as calculated in respect of each importation. I would like to explain, Mr. Chairman, that in some jurisdictions when an anti-dumping duty is levied it is then applied to subsequent imports as though it were virtually an automatic increase in custom duty or levy at the frontier on those goods and the onus, as a practical matter, is on the importer to establish that, in fact, those goods were not dumped by that amount.

It is proposed in this bill to carry forward the present practice in which the responsibility rests on the Crown to establish in respect of each transaction and subject to appeal to the Tariff Board on fact, and beyond the Tariff Board on law, the margin of dumping in respect of each transaction and it is our view that is the only procedure which properly conforms with the Code.

**Mr. Hales:** Mr. Chairman, may I ask a question?

**The Chairman:** Yes. Mr. Hales.

**Mr. Hales:** After the Tribunal has decided that anti-dumping tariffs should be applied, does this take effect when the Tribunal reports or does it have a retroactive effect and all the goods that have been imported up to the Tribunal's findings are then taxed?

**Mr. Grey:** Mr. Chairman, I have already made clear that after the Deputy Minister makes a preliminary determination and for the period of three months during which the matter is then before the Tribunal, all the goods that are described in the Deputy Minister's preliminary determination are entered provisionally at Customs and may, if the Deputy Minister so wishes, be subject to provisional duties.

The definitive application of anti-dumping duties with respect to those goods follows the order or finding. The liability begins with respect to imports that are entered as of the

time the Deputy Minister makes his preliminary determination, and there is one category to which I will refer later where imports that have entered 90 days before that preliminary determination may also be subject to an anti-dumping duty if the Tribunal so directs.

Clause 32 of the Bill, which is on page 90, provides that,

The Tribunal may, at any time after the date of any order or finding made by it, review, rescind, change, alter or vary the said order or finding or may rehear any matter before deciding it.

• 1220

Now, as I think I have already mentioned, the decision as to the margin of dumping in respect of any given importation after the Tribunal has issued its order or finding; and whether the actual imports are indeed goods, as described in the order or finding of the Tribunal, is to be subject to appeal to the Tariff Board and, on points of law, to the Exchequer Court.

That is analogous to the present provisions under which the value for duty and the tariff classification are matters that must be determined by the Department of National Revenue, subject to appeal to the Tariff Board or to the Exchequer Court.

We have modelled the procedures here very closely on the existing provisions of the Customs Act. However, like the legislation in the United Kingdom and the United States, it is contemplated that there is to be no appeal from the tribunal's judgment on injury. In the United States, I think I am correct, there is no appeal from a finding of the Tariff Commission; and there is no appeal in the United Kingdom.

I might say Mr. Chairman, that it has not been represented to us, I think, except by one group, that any useful purpose would be served by any form of appeal from this tribunal, but we have provided in the proposed draft bill that the Governor-in-Council may exempt goods from the operation of this Act. That means, in effect, that if the tribunal were to make an order or finding that dumping caused injury and, therefore, an anti-dumping duty was levied, the Governor-in-Council could, in effect, remove that duty.

There is no power, of course, to impose the duty if the tribunal has not found injury. That could be the case, Mr. Chairman. If the tribunal found injury and the government



concluded that this firm, notwithstanding this finding, was in a monopoly position, or was involved in a combine, or was involved in some other action that the government regarded as contrary to government policy, it could, therefore, exempt those import transactions from the operation of the anti-dumping duty. This power, of course, exist in any event in the Financial Administration Act.

The relevant provisions of the Code on procedures are Article 5, Article 6, Article 9 and Article 10.

To turn to a subject about which I was asked a question a few minutes ago, the matter of the retroactive application of anti-dumping duties, this was one of the major subjects of the negotiation which resulted in the Convention. The draft bill provides that, for the definitive application of anti-dumping duties to goods that were entered provisionally during the course of the enquiry, all of the goods in question be held to be entered provisionally once the Deputy Minister of National Revenue has made his determination. To prevent such injury recurring, it also provides for an additional retroactive application of anti-dumping duties for 90 days in those cases where there has been a history of dumping of those products, or where it is concluded by the tribunal that the importer should have been aware that the exporter was practising dumping and that massive dumped imports in a relatively short period had caused material injury to production in Canada.

These provisions are taken almost word for word from Article 11 of the Code. They are found in sections 4 and 5 of the draft bill, and they were designed in the Code to take account of the difficult problems for Canada of so-called sporadic dumping.

• 1225

I would like to point out Mr. Chairman, that it is really necessary for the tribunal, under this proposed draft bill, to consider not only imports by a particular importer but all imports of that product in the period in question.

That may have some considerable implication for the application of this provision.

Mr. Chairman, I would now like to turn to some additional features of the draft bill, some of which are not dealt with in the anti-dumping Code. First is the whole question of enforcing the legislation. It is clear that under the Code governments need to have certain information if they are to carry out their

obligations in the length of time that is specified. Article 6 of the Code provides:

In cases in which any interested party withholds the necessary information, a final finding, affirmative or negative, may be made on the basis of the facts available.

Because governments are thus permitted under the Code to make final decisions if sufficient data is not supplied by interested parties, this may seem to put some pressure on the parties concerned to provide the required information.

Equally important is the matter of false or incorrect information and fraud. The provisions of section 34 of the draft bill on page 92, taken together with section 10 (3); 11; 17(2); 18(4) and 27(2) are intended to meet these problems and enable the effective administration of the Act.

Section 34, in particular, puts teeth into the Act by not allowing the perfecting of an entry until the necessary information is supplied to the Deputy Minister and provides for a fine equal to the duty-paid value of the goods where the information is false or incorrect.

The term "perfecting an entry", for purposes of this Act, is quite important. In the definition section, which I think is on page 42, it will be noted that

(b) the date of entry of any goods shall be deemed to be the date on which

(i) the entry of the goods has been perfected for purposes of the *Customs Act*,

(ii) the entry of the goods has been perfected for purposes of this proposed Act—or

(iii) the goods have been released from Customs possession, whichever is the latest.

The purpose of this rather devious approach is to ensure that it is not possible, if the Deputy Minister intervenes in a situation, for an importer to escape anti-dumping duties through the operation of the limits on the retroactive application merely by withholding information. If he withholds information he cannot perfect the entry of the goods and that brings those goods forward into the period in which the anti-dumping duty may be levied.

This is a result of the careful study of the implications for Canadian practice of the obligations we have assumed about retroactivity. The import of these may be understood if one considers what would be the implications



under the Income Tax Act if there was a similar limit on retroactivity.

I think it is the case that the Department of National Revenue can re-assess for a period of four years going backwards, and in the case of fraud I am not sure what the limitation is. We have, I think, in strict conformity with the Code, provided that it is not possible to escape anti-dumping duties by supplying incorrect information.

On the other hand, the importer who is not dumping, or is not injuring, or is not providing incorrect information, or withholding information, would to my mind have nothing to fear from the most vigorous application of these provisions.

• 1230

I would now like to turn to a point that has given rise to a number of questions in the representations which the Department has received, that is, what is an industry. The definition of "industry" is set out in Article 4 (a) of the Code on page 15, and under the proposed draft legislation the Tribunal must take this into account. The word "industry" as used in the Code and "Canadian production" as used in the draft act does not mean a group of corporations. It relates to the production of a particular product. Any other result would be nonsensical and would require the setting up of a separate corporation for the production of each distinct product by a given corporation. Accordingly, it is contemplated that it will be possible under this proposed draft bill, as is clearly contemplated by the Code, to give protection against injurious dumping to a multiproduct corporation which is being injured by the dumping of one of its particular product lines in respect of that particular product.

Under the present Canadian provisions—to turn to a different point, Mr. Chairman—the liability for anti-dumping duty occurs at the time that goods are imported into Canada. As I mentioned earlier, because the concept of dumping and margin of dumping as used in the proposed draft bill differs somewhat from the terms of our proposed legislation, it will now be possible to create the liability for dumping before the goods enter Canada. The draft bill is written in terms of the dumping occurring at the time of the sale which may be for some products very considerably before the date of shipment of the goods to Canada. In the case of major capital goods, that may be several years before it is reported.

The Bill is drafted in this way in strict conformity with the Code, because it was represented to the government and agreed with by the government that injury, in relation to such dumping, occurs before the import of such goods.

It will be noted that under clause 3 of the Bill the potential liability for anti-dumping duties is established when the Tribunal makes its order or finding, not when the goods are entered. The actual collection of the duty does not, of course, take place until the goods are imported. There is a distinction, I think, between the creation of a potential liability for the duty and the collection of the duty. These are separate matters. This provision I think is clearly intended to take account of the situation in which a contract is entered into at what is a dumped price for the provision of capital goods. The impact on Canadian producers takes place then. The goods may enter three years later.

If a judgment as to whether or not there is a potential liability for dumping is not made until three years later, it might be assumed that there is no protection given to the Canadian producers against injurious dumping. So this Bill has been drafted in terms of the dumping occurring at the time of sale, at the time of a firm contract to provide the goods. For many types of goods this may be largely irrelevant as the time of sale may be only shortly before the import. For others it may be quite crucial.

• 1235

Now to turn to the question of consequential amendments. I might say, Mr. Chairman, that it has already been drawn to our attention that we have neglected to provide for a consequential amendment to the Tariff Board Act. At some future point, if it is the Committee's wish, I would set out what ought to be a consequential amendment to the Tariff Board Act. The substantive revision, the only one that is required, relates to the proposed deletion of subsection (7) of Section 40A of the Customs Act which provides for the establishment of arbitrary or fixed valuations in respect of goods which are not dumped, but which are judged to be causing injury to Canadian producers. The real impact of such fixed valuations or arbitrary customs valuations is the assessment of an anti-dumping duty in the amount of the difference between the values so fixed and the actual

export price, up to a maximum of 50 per cent *ad valorem*. Under the Code it is not possible to use anti-dumping duties in this fashion. It is proposed that a new provision be added to the Customs Tariff to deal with imports which are not dumped, but which threaten injury to domestic producers. Article XIX of the GATT, the so-called emergency or escape clause, provides for just such emergency action. Let me take a specific and current example, Mr. Chairman, to explain the import of this.

**Mr. Blair:** Where can we find Article XIX?

**Mr. Grey:** Article XIX, Mr. Blair, was not reproduced. Possibly this is a mistake in the White Paper, but we can make it available so that it could be printed in the records of this Committee if so required.

If I may take a current example. It has been represented by corn producers in Ontario that American corn is entering Canada at prices which are injurious to Canadian producers. It is not represented that these imports are dumped in the technical sense. Under present Canadian law one action the government could take by the issue of an appropriate Order in Council would be to arbitrarily fix a customs value on those goods. This would result in economic terms in the imposition of an additional tax on such imports of the amount of difference between there actual selling price to the importer in Canada on an f.o.b. basis and the arbitrary fixed valuation. Now this provision, this proposed new provision, would enable the Governor in Council, on a report from the Minister of Finance that goods not dumped are in fact being imported in a way that injures Canadian producers or manufacturers, to order the levying of a surtax on such imports.

The economic result of this proposed new provision is, to my mind, precisely the same as the present emergency power, but it enables us to conform precisely with the Code and to make clear what was not always apparent, that we were using the anti-dumping duty as an emergency measure to control injurious non-dumped imports under the provisions of Article 19 of the GATT, rather than using it to deal with dumped imports under the provision of Article 6.

**Mr. Blair:** This can be accomplished by an amendment to the Customs Tariff Act?

**Mr. Grey:** Yes, Mr. Blair, that is correct. The one change of substance from present practice in relation to this emergency provision would be that an order under this new proposed provision would cease to have effect after 180 days unless it is approved by Parliament.

Mr. Chairman, that concludes my review of the scheme of the proposed legislation. Thank you.

**The Chairman:** Thank you very much, Mr. Grey, for such a lengthy report. It has been suggested, gentlemen, that before questions are asked by members of this Committee on Mr. Grey's report we await the printing of the Minutes of Proceedings and Evidence of this meeting. We hope that that report will be in your hands by Monday. If so, the next meeting will be next Tuesday at 11 o'clock in this same room. It has also been suggested that if, by any chance, the Minutes are not in your hands by next Tuesday, we delay questions directed to Mr. Grey. What are your reactions to that?

• 1240

**Mr. Gray:** Mr. Chairman we have to recognize that Canada has entered international undertakings to have this matter disposed of by Parliament, I believe by January 1 and I know we will want to give this measure the study it deserves because of its seriousness. May I suggest that in the event the statement of Mr. Rod Grey cannot be printed in formal proceedings, that Mr. Grey and the Clerk consult and arrange to have the statement reproduced in Xerography or mimeographed form. I think there would be no problem at all in having this done.

**The Chairman:** I am told by the Clerk that she is pretty sure these Minutes will be in our hands by Monday.

**Mr. Gray:** In fact, may I make another suggestion? If Mr. Grey can have his statement reproduced in final form in some unofficial way, perhaps it might be circulated to members before the weekend in case any of them want to study the text before Monday. Would this be practical, Mr. Grey?

**Mr. Grey:** Mr. Chairman, I was speaking from notes and the only record is the record that was made on the tape.

**The Chairman:** Any other comments, gentlemen, on that? Yes, Mr. Lambert.



**Mr. Lambert:** May I make a suggestion, as it is going to be a matter of principle, that perhaps Mr. Grey would be prepared to discuss the question of why ministerial discretion is introduced into this particular draft bill.

Shall we say it is ministerial discretion by way of translation from the Income Tax Act, and that ministerial discretion with regard to associated persons is a subject which raised a great deal of controversy about three years ago when it was brought into the Act. In my book ministerial discretion is a thing that should not exist; if it does exist, it must be curbed. I suggest we be prepared to discuss why it is brought in this way.

**Mr. Blair:** I think it would help the members of the Committee if Mr. Grey and his associates could advise us how they intend to proceed with the balance of the explanation. Mr. Grey has given a general description of the Statute. There are questions, of course, about the American action, to which he referred quite briefly, and I see that we have senior officials of the Department of National Revenue with us. It might assist us in directing questions if we knew when, and to what extent, other officials were to testify so we would not engage in repetitious questions.

[Interpretation]

**Mr. Émard:** Mr. Chairman, I would...

**The Chairman:** Mr. Émard, I am going to ask Mr. Grey if he has any comments to make with regard to Mr. Blair's—and then I will give you the floor.

**Mr. Émard:** But what I have to propose concerns what has just been said. I want to suggest, in order to ease the work of the members—I was wondering if it would be in order—that at each meeting, we ask those who come as observers, those, in other words, who are not appearing but then agree to do so to identify themselves and to state the name of the firms they represent. This would also apply to newspapermen, because in certain cases we want to get in touch with newspapermen and we don't know who is who. This would help everyone, who wants to contact some of these people, because their names would appear in the proceedings of the Committee.

**The Chairman:** Are there any comments on this last suggestion by Mr. Émard with regard to the identification of firms, groups of the private sector and newspaper people? I believe as far as journalists...

**Mr. Émard:** Only if they want to...

**Mr. Lambert:** Why? The public are here as observers; they have no status, and neither have newspapermen, and unless we are talking about officials of departments or persons with briefs to present, they have no status whatsoever, and I wonder, Mr. Émard, why they would be here?

• 1245

**Mr. Émard:** There may be observers here who are directly interested but have no briefs to submit. They are representing interested firms and we might want to get in touch with them in certain cases.

**Mr. Gray:** I think Mr. Émard's suggestion could perhaps be followed. Newspapermen, as a rule, remain at a special table reserved for the press, and the officials of departments are behind us. Other observers are in the main hall. If a member of a committee wants to ask questions or get in contact with a spectator, an official or a journalist, those people can all be found in the portion of the hall reserved for them. And if there are others in the hall who want to get in contact with the members, they can introduce themselves after the committee meeting has adjourned. But as far as printing the names of people in each proceeding booklet, we would have to have two or three extra clerks to look after that and help Miss Ballantine. I think Mr. Émard's idea might indeed help us to do our work, but possibly my suggestion might be the more efficient method. Is my suggestion satisfactory to you, Mr. Émard?

[English]

**Mr. Blair:** Mr. Chairman, I do not want to engage too much in discussion and I am interested in having my first question answered. But I really think the proposal Mr. Émard has put forward is novel to the extent that it should excite everybody here. This is a public proceeding, any citizen of this country should be able to come here and witness the proceedings, and if he chooses not to make a representation that is his business.

There may be people here who are highly interested in this, but why should they have to stand up and identify themselves and the firms and the interests they have, unless they choose to make a formal submission? I think if we were to follow this course we would, in effect, be saying to people: You come here



and talk to us or do not come at all. I think this is a very, very new type of suggestion and I suggest we leave the press and the spectators alone.

**Some hon. Members:** Hear, hear.

**Mr. Émard:** I meant those who want to give their names, who wish to be identified. I did not ask for everyone to be identified.

[Interpretation]

**The Chairman:** I think, Mr. Émard, the normal procedure is that only the department officials are registered in our minutes.

**Mr. Émard:** It was only a suggestion.

[English]

**Mr. Gray:** As I said already, all these people can easily be contacted by interested members of the Committee. We know where officials are sitting, we know where the press is sitting, we know where other people following the proceedings are sitting, and I do not think that we have to formalize it; even though I know that Mr. Émard's suggestion is meant in a constructive spirit. If I may make a comment on...

**The Chairman:** I am sorry, Mr. Herb Gray, but I think Mr. Blair would like to have an answer from Mr. Rod Grey if it is possible.

**Mr. Grey:** Mr. Chairman, I had no clear view on the most useful way to proceed after making a general statement. If your Committee wished, I with some assistance from other officials present, would be prepared to examine it clause by clause, or to answer questions at random.

• 1250

**Mr. Blair:** I take it from your comment that it was not the intention of you and your colleagues to make further submissions, and the whole group would then stand ready to assist

in the answering of questions; thank you, very much.

**The Chairman:** Yes, Mr. Herb Gray.

**Mr. Gray:** It was my understanding of the recommendations of the Steering Committee that following a general statement by Mr. Rod Grey we would proceed to look at each clause of the bill in turn with Mr. Grey, and such official colleagues as may be desirable, providing the Committee with answers to our questions with respect to each clause. It was not the intention of the Steering Committee to recommend to the full Committee that the appearance of Mr. Grey and his official colleagues be limited to questions with respect to his general statement.

**The Chairman:** Are there any other questions, gentlemen?

**Mr. Alexander:** Although I am not a member of the Standing Committee, it was pointed out to me, through you, by an hon. member what the status is of a Member of Parliament who is not a member of the Committee. I just want to clarify that, in this term as an observer more or less, you are restricted to asking questions and you do not have the right of points of order, or questions of privilege, or both. This is a restriction and I just want to clear it up.

**The Chairman:** Or to suggest amendments.

**Mr. Alexander:** Or to suggest amendments. But the questioning is available to me, vigorous or otherwise.

**The Chairman:** Right.

**Mr. Alexander:** Thank you, sir.

**The Chairman:** Are there any other comments, gentlemen? If not, I will again thank Mr. Rod Grey for his lengthy report, and thank you gentlemen.

## APPENDIX A

## Article XIX

*Emergency Action on Imports of Particular Products*

1. (a) If, as a result of unforeseen developments and of the effect of the obligations incurred by a contracting party under this Agreement, including tariff concessions, any product is being imported into the territory of that contracting party in such increased quantities and under such conditions as to cause or threaten serious injury to domestic producers in that territory of like or directly competitive products, the contracting party shall be free, in respect of such product, and to the extent and for such time as may be necessary to prevent or remedy such injury, to suspend the obligation in whole or in part or to withdraw or modify the concession.

(b) If any product, which is the subject of a concession with respect to a preference, is being imported into the territory of a contracting party in the circumstances set forth in sub-paragraph (a) of this paragraph, so as to cause or threaten serious injury to domestic producers of like or directly competitive products in the territory of a contracting party which receives or received such preference, the importing contracting party shall be free, if that other contracting party so requests, to suspend the relevant obligation in whole or in part or to withdraw or modify the concession in respect of the product, to the extent and for such time as may be necessary to prevent or remedy such injury.

2. Before any contracting party shall take action pursuant to the provisions of paragraph I of this Article, it shall give notice in writing to the Contracting Parties as far in advance as may be practicable and shall afford the Contracting Parties and those contracting parties having a substantial interest as exporters of the product concerned an opportunity to consult with it in respect of

the proposed action. When such notice is given in relation to a concession with respect to a preference, the notice shall name the contracting party which has requested the action. In critical circumstances, where delay would cause damage which it would be difficult to repair, action under paragraph I of this Article may be taken provisionally without prior consultation, on the condition that consultation shall be effected immediately after taking such action.

3. (a) If agreement among the interested contracting parties with respect to the action is not reached, the contracting party which proposes to take or continue the action shall, nevertheless, be free to do so, and if such action is taken or continued, the affected contracting parties shall then be free, not later than ninety days after such action is taken, to suspend, upon the expiration of thirty days from the day on which written notice of such suspension is received by the Contracting Parties, the application to the trade of the contracting party taking such action, or, in the case envisaged in paragraph I (b) of this Article, to the trade of the contracting party requesting such action, of such substantially equivalent concessions or other obligations under this Agreement the suspension of which the Contracting Parties do not disapprove.

(b) Notwithstanding the provisions of sub-paragraph (a) of this paragraph, where action is taken under paragraph 2 of this Article without prior consultation and causes or threatens serious injury in the territory of a contracting party to the domestic producers of products affected by the action, that contracting party shall, where delay would cause damage difficult to repair, be free to suspend, upon the taking of the action and throughout the period of consultation, such concessions or other obligations as may be necessary to prevent or remedy the injury.





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OF  
PROCEEDINGS AND EVIDENCE

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Translations under the direction of the Bureau for Translations, Secretary of State.

ALISTAIR FRASER,  
*The Clerk of the House.*

HOUSE OF COMMONS

First Session—Twenty-eighth Parliament

1968

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STANDING COMMITTEE

ON

**FINANCE, TRADE AND ECONOMIC AFFAIRS**

*Chairman:* Mr. GASTON CLERMONT

---

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 3

---

TUESDAY, OCTOBER 29, 1968

---

*Respecting*

WHITE PAPER ON ANTI-DUMPING

---

*Including*

APPENDIX B

Language agreed to in Conference as a Substitute for Title 2 of the Senate  
Version of HR17234 Concerning the International Anti-Dumping Code

APPENDIX C

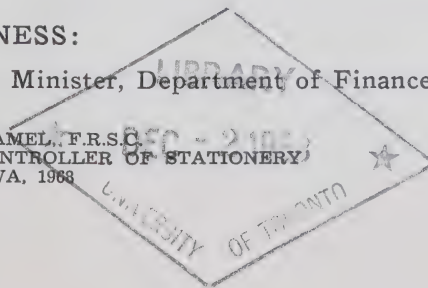
Ad Article VI (of the GATT)

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WITNESS:

Mr. R. Y. Grey, Assistant Deputy Minister, Department of Finance.

ROGER DUHAMEL, F.R.S.C.  
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
OTTAWA, 1968



STANDING COMMITTEE ON  
FINANCE, TRADE AND ECONOMIC AFFAIRS

*Chairman:* Mr. Gaston Clermont

*Vice-Chairman:* Mr. Alastair Gillespie

and Messrs.

Blair,  
Burton,  
Comtois,  
Danson,  
Downey,  
Émard,

Flemming,  
Gauthier,  
Givens,  
Gleave,  
Gray,  
Hales,

Harkness,  
Lambert  
(*Edmonton West*),  
Latulippe,  
Perrault,  
Roberts,  
Trudel—20.

Dorothy F. Ballantine,  
*Clerk of the Committee.*



ORDER OF REFERENCE

MONDAY, October 28, 1968.

*Ordered*,—That the Standing Committee on Finance, Trade and Economic Affairs be authorized to sit while the House is sitting.

*ATTEST:*

ALISTAIR FRASER,  
*The Clerk of the House of Commons.*



## MINUTES OF PROCEEDINGS

TUESDAY, October 29, 1968.

(4)

The Standing Committee on Finance, Trade and Economic Affairs met at 11:12 a.m. this day, the Chairman, Mr. Clermont, presiding.

*Members present:* Messrs. Blair, Burton, Clermont, Comtois, Danson, Emard, Flemming, Gauthier, Gillespie, Givens, Gray, Hales, Harkness, Lambert (Edmonton West) Latulippe, Perrault, Trudel—(17).

*Also present:* Messrs. Alexander, Douglas, Hees, and Ritchie.

*In attendance: From the Department of Finance:* Messrs. R. Y. Grey, Assistant Deputy Minister and C. D. Arthur, International Economic Relations Division.

*Also in attendance: From the Department of National Revenue (Customs and Excise):* Messrs. R. C. Labarge, Deputy Minister; A. R. Hind, Assistant Deputy Minister; M. T. Keam, Director, Customs Appraisal Division; H. D. MacDermid, Chief, Valuation Section; *From the Department of Industry:* V. R. St. Louis, Commercial Policy Division; *From the Department of Trade and Commerce:* C. J. Kelly, Office of Area Relations.

The Committee resumed consideration of the White Paper on Anti-Dumping, and the witness, Mr. Grey, was called.

The Chairman read a telegram from the Steel Company of Canada, which is as follows:

We are concerned that regulations referred to in draft legislation Canadian Anti-Dumping Act are not available now or likely to be available prior to deadline for comment from interested parties, namely November 12, 1968. Effective legislation and its application depend on clear and definitive regulations. We submit that knowledge of regulations is vital to assessment of proposed legislation and suggest that deadline for comment be delayed until regulations are available for study by your committee and interested parties.

The witness, Mr. Grey, stated that the key regulations can be made available to the Committee on Thursday. It was *agreed* that at that time the regulations thus tabled before the Committee can be printed as an appendix to the Minutes of Proceedings and Evidence, thus making them public.

The Committee resumed questioning of Mr. Grey on his statement made at the last meeting.

During the questioning, the witness tabled a U.S. paper entitled, *Language agreed to in Conference as a Substitute for Title 2 of the Senate Version of*



HR17324 *Concerning the International Anti-dumping Code* which on motion of Mr. Gray, seconded by Mr. Lambert (*Edmonton West*) is attached hereto as *Appendix B*.

Mr. Grey also tabled the U.S. *Antidumping Regulations* published by the American Bureau of Customs, copies of which were distributed to the members.

At 1:05 p.m. the Committee adjourned until 3:30 p.m. this day.

#### AFTERNOON SITTING

(5)

The Committee resumed at 3:50 p.m., the Chairman, Mr. Clermont, presiding.

*Members present:* Messrs. Clermont, Comtois, Danson, Emard, Flemming, Gauthier, Gillespie, Gray, Hales, Harkness, Latulippe, Perrault, Trudel—(13).

*Also present:* Messrs. Ritchie and Saltsman.

*In attendance:* The same as at the morning sitting.

*Also in attendance:* The same as at the morning sitting, except Mr. Labarge.

The Committee continued questioning of Mr. Grey.

The witness tabled a paper headed *Ad Article VI* (of the GATT) which on motion of Mr. Perrault, seconded by Mr. Trudel, is attached hereto as *Appendix C*.

At 5:10 p.m. the Committee adjourned until Thursday, October 31, 1968 at 11:00 a.m.

Dorothy F. Ballantine,  
*Clerk of the Committee.*

## EVIDENCE

(Recorded by Electronic Apparatus)

**Tuesday, October 29, 1968**

• 1111

**The Chairman:** Gentlemen, I note that we now have a quorum. Before turning the meeting over to members for questions to Mr. Grey regarding the statement he made before this Committee last week, I would like to state that yesterday I received a telegram from Hamilton dated October 28, 1968, and it reads:

COPY CN TEXTEX OTTAWA

MR. GASTON CLAIRMONT, M.P.,  
CHAIRMAN, STANDING COMMITTEE  
ON FINANCE, TRADE AND ECONOMIC  
AFFAIRS,  
HOUSE OF COMMONS, OTTAWA,  
ONTARIO.

COPIES ALSO BEING SENT TO THE  
FOLLOWING:

THE HONOURABLE E. J. BENSON,  
MINISTER OF FINANCE AND RE-  
CEIVER GEN.,

THE HONOURABLE JEAN-LUC PEPIN,  
MINISTER OF INDUSTRY AND MIN-  
ISTER OF TRADE AND COMMERCE;

THE HONOURABLE JOHN C. MUNRO,  
MINISTER OF NATIONAL HEALTH  
AND WELFARE;

MR. LINCOLN ALEXANDER, M.P.,  
HOUSE OF COMMONS, OTTAWA.

WE ARE CONCERNED THAT REGU-  
LATIONS REFERRED TO IN DRAFT  
LEGISLATION CANADIAN ANTI-  
DUMPING ACT ARE NOT AVAILABLE  
NOW NOR LIKELY TO BE AVAILABLE  
PRIOR TO DEADLINE FOR COMMENT  
FROM INTERESTED PARTIES, NAME-  
LY NOVEMBER 12 1968. EFFECTIVE  
LEGISLATION AND ITS APPLICA-  
TION DEPEND ON CLEAR AND DEFINI-  
TIVE REGULATIONS. WE SUBMIT  
THAT KNOWLEDGE OF REGULA-  
TIONS IS VITAL TO ASSESSMENT OF  
PROPOSED LEGISLATION AND SUG-  
GEST THAT DEADLINE FOR COM-  
MENT BE DELAYED UNTIL REGULA-  
TIONS ARE AVAILABLE FOR STUDY  
BY YOUR COMMITTEE AND IN-  
TERESTED PARTIES.

H. M. GRIFFITH, PRESIDENT, STEEL  
CO. OF CDA LIMITED, HAMILTON.

You will remember last week, gentlemen, that a question was posed by Mr. Alexander, Member for Hamilton West, to Mr. Grey from the Department of Finance when he said there is and there was a possibility that in the very near future some of the regulations might be given to this Committee. I will now ask Mr. Grey if he has any other permission regarding the statement he made last week about the regulations.

**Mr. R. Y. Grey (Assistant Deputy Minister, Department of Finance):** Mr. Chairman, in the light of the comments that were made to the Confidential Committee, chaired by Mr. Glass, the Vice-Chairman of the Tariff Board, on behalf of various steel producers, I would judge that the regulations which are referred to in this telegram you have read would be the regulations under Section 9 of the proposed draft bill. It is our intention to make these available as a proposed draft at the next sitting of this Committee.

**The Chairman:** Are there any comments on the telegram and the statement just given by Mr. Grey?

• 1115

**Mr. Gray:** You feel the regulations will be available? When exactly?

**Mr. R. Y. Grey:** Thursday next.

**Mr. Gray:** On Thursday.

**Mr. Alexander:** Mr. Chairman, that is Thursday of this week?

**The Chairman:** Right.

**Mr. Gray:** If the regulations, I presume in draft form, could be tabled before this Committee, they would become part of our records and would be publicly available. If that is the case, the problem raised by the Steel Company in their telegram will have been eliminated.

**Mr. Alexander:** I believe so, Mr. Chairman. Thursday of this week would be October 31, Mr. Chairman, I expect that in view of that, the question posed by me and also as extended by the Steel Company of Canada perhaps now is rectified, because Mr. Grey seems to give us the assurance that the regulations which will be dealt with in this act would be available by Thursday.

**The Chairman:** I think, Mr. Alexander, I should add "some of the regulations". Mr. Grey?

**Mr. R. Y. Grey:** Well, the key ones which I think are the regulations under Section 9 are the relevant ones.

**Mr. Alexander:** Mr. Chairman, I suppose Mr. Grey could not—I understand the pressure that he is undergoing—there is no way at this particular time that we could be told when the regulations in draft form would be available? These are just the key regulations that we are talking about now.

**Mr. Gray:** Mr. Chairman, may I suggest that if necessary we give this request from the Steel Company further consideration after the regulations referred to by Mr. Grey are presented to this Committee. Perhaps there will be no problem at all.

**The Chairman:** Mr. Lambert.

**Mr. Lambert:** Mr. Chairman, to cut this short, I think the Steering Committee could take this under advisement, and in the event that these are very complicated and so forth, certainly the deadline for filing of briefs or supplementary briefs could be extended without any difficulty in this particular case, or anyone else who feels affected. There may be some regulations under some other sections which may affect different producers and different manufacturers, and I think we would have to extend to them the same consideration that might have to be extended to the Steel Company of Canada. I do not think there is any real problem here.

**The Chairman:** If we are through making comments on the telegram and the regulations, I think it was understood last week, gentlemen, after Mr. Grey made his statement, that the floor would be open to questions. I am now going to ask who would like to ask questions on that statement. I have Mr. Lambert first.

**Mr. Lambert:** First of all Mr. Grey, could you advise us what is the latest status in the

United States. As you may recall, earlier this fall on a passage of a renegotiation bill by the U.S. Senate there was tacked on a provision repealing the passage by the United States of the anti-dumping convention, or whatever legislation they had passed with regard to that in the Senate. This obviously puts the administration and the Congress—at least part of Congress—in conflict. Could you tell us what the Department of Finance has been able to get on an official basis as to the status of this particular question in the United States?

• 1120

**Mr. R. Y. Grey:** Mr. Chairman, Mr. Lambert's description of the rider that was tacked on the renegotiation bill in the United States Senate is quite correct. But subsequently in the conference between representatives of the Senate and the House of Representatives, a different rider was agreed on and passed. The import of this is really quite different than that of the Senate rider. We have had a preliminary discussion between Canadian representatives and United States government representatives as to the precise meaning for different sections of the United States law and their relation to the Code of this rider. The discussions are still going on. I wonder, Mr. Chairman, if Mr. Lambert might agree that at some later meeting of this Committee when these discussions have been concluded we could give a fuller report to the Committee. It is my preliminary view that there is only one section of the Code which is possibly at issue with this rider that emerged from the House-Senate conference. It is still a complicated question of the meaning of the precise terms in United States law as they relate to the obligations of the United States under the Code. I would rather prefer to wait until our discussions with United States representatives have been concluded so that I can give an exact and careful answer.

**Mr. Lambert:** Mr. Chairman, that is fine, but I want to make a point abundantly clear. If the United States Government in any way deviates from its undertaking at the time of the passage of the Kennedy Round or its adoption of the Kennedy Round and this anti-dumping convention that Canada entered into with its trading partners, we in Canada should adopt a full anti-dumping convention which has some dubious value in certain parts. Then, to me, it would be a foolhardy act on the part of Canada to enter into the convention, as it had agreed to do, if the United



States does anything less because we can be very seriously affected by this. And if we are getting something less, in so far as the United States is concerned, then we might as well put this aside and remain where we are.

But in the interval, naturally I do not want to—if there are, shall we say, serious negotiations on or—in fact it might be a very competent level and action taken here might upset something—well, I am going to defer. But I will, shall we say, put on record a caveat at this time so that we do not do something foolhardy just to be noble.

**The Chairman:** Any more questions, Mr. Lambert, regarding Mr. Grey's statement of last week?

**Mr. Lambert:** Yes. I would rather give him notice that I wanted to discuss the importing into this act of a principle of ministerial discretion which is included in the Income Tax Act in so far as it relates to associated persons or associated companies.

I want to get to the rationale as to why that is being imported into another act, bearing in mind the severe criticism that was levied at the government—at the Minister of Finance of the day—the Minister of National Revenue—for extending ministerial discretion when it had been excluded from the Act in 1948—that is from the Income Tax Act—and the fuss that was made in 1961 by members of the present administration when some ministerial discretion was going to be used in the Customs Tariff Act.

**Mr. R. Y. Grey:** Mr. Chairman, I wonder if you would allow me to revert to Mr. Lambert's previous question. I have now found a copy of the text of the agreed rider to the renegotiation bill and I suggest, Mr. Chairman, it may be of interest to members of your Committee if this was printed in your record of proceedings.

**The Chairman:** Is it agreed?

**Some hon. Members:** Agreed.

(See Minutes of Proceedings)

**Mr. R. Y. Grey:** Now, if I could revert to Mr. Lambert's second question. The Code recognizes that there may be a class of import transactions between exporters and importers who are in some sense not dealing at arms length, who are related or associated, and it recognizes that it is appropriate for the authorities concerned to look through to see the real nature of that transaction. I think

that every anti-dumping measure by any government has to deal with this problem.

#### • 1125

In attempting to draft an appropriate provision for Canadian legislation, we gave careful study to the provisions of the United States legislation which are to be found in Sections 206 (b) and (c) and Section 207 of the United States Anti-Dumping Act of 1921. In that legislation there is an attempt to set out quite specifically the various categories of transactions which will be deemed to be between related persons. Now, the draftsmen, Mr. Chairman, found it difficult to translate this provision into Canadian legal wording. It is obvious that an alternative approach would be to set out very specifically all the types of transactions or all the types of relationships, alternatively, which would be deemed to be transactions between related companies or associated companies or people not dealing at arm's length.

I think that one way to proceed would be—to examine this question further—if members of the Committee had before them the text of the United States legislation. We have copies available for members of the Committee. I think we have enough copies available for every member. If you thought it useful, Mr. Chairman, those could be distributed; it is a less extensive document than the Canadian White Paper. Members might then turn to sections 206 (b) and (c) and section 207 and see how another government attempted to deal with this very difficult technical problem.

**Mr. Lambert:** That is in the act, is it not?

**Mr. R. Y. Grey:** That is legislation, yes, sir.

**Mr. Lambert:** That is not contained in regulations?

**Mr. R. Y. Grey:** No, sir, it is not.

**Mr. Lambert:** I do not know if, by curiosity I suppose, we could take that document, but I have an alternative and you will see the argument I have.

While I believe Mr. Labarge of the Customs and Excise Branch here would be aware of the problems in 1961 when there was a question of ministerial discretion, there was no appeal therefrom, and I suggest to you that ministerial discretion under the Income Tax Act with regard to associated companies is also without appeal, that is, effective appeal, because no court will exercise any ministerial discretion on behalf of any minister.

I would suggest to you that the other way is that the definition of associated companies shall be by way of regulation. That bill provides for the passage of regulations. There certainly is an omnibus clause there, and since regulations, I trust, will then come before a committee of the House in due course, these could be examined. This is what I am after.

I am thoroughly opposed to any question of ministerial discretion being imported into this act on the basis of what exists in the Income Tax Act, because that puts it away beyond any question of appeal or any question of review. I feel that Committee members who were quite unanimous in support of the proposition of a committee on delegated legislation would want to see this, and this is precisely what we are driving at when we are setting up such a committee, that matters such as this could be reviewed under regulations and it is for that reason that I am querying this.

**Mr. R. Y. Grey:** Mr. Chairman, I am not entirely clear what Mr. Lambert's question is. I would say, however, that it is, I think, merely an exercise in drafting, although not an easy one.

**Mr. Lambert:** There is a fundamental question of principle, Mr. Grey.

**Mr. R. Y. Grey:** I am aware of that, sir. It is a difficult technical exercise in drafting, to draft a regulation which does in fact include all those types of transactions or, if you like relationships, which are in fact transactions between related companies. To my mind the provisions in the United States legislation are quite all-encompassing and I suspect that something like 70 or 80 per cent of Canadian imports would then fall within such a broad definition.

[Interpretation]

**The Chairman:** You have a supplementary question I believe, Mr. Gray.

**Mr. Gray:** No.

**The Chairman:** Mr. Lambert.

[English]

**Mr. Lambert:** May I ask the next question? Surely, Mr. Grey, is it not the truth, or axiomatic, that the individual businessman should also have some degree of certainty? If

there is a provision that says that an associated company shall have the meaning attributed to it in the Income Tax Act, which is subject to ministerial discretion, there is nothing that will prevent him doing bona fide into a transaction which he thinks is quite all right but after the event the minister, or whoever is the administrator decides within the discretionary powers that these are associated companies. In other words, it is after the event and there is no certainty. If you were advising a client whether the scheme or arrangements he proposed were caught by the associated companies clause in this bill any self-respecting lawyer would have to say: "I do not know, that will depend on how the minister feels on that particular day". That is not an acceptable principle on which we should legislate.

• 1130

**Mr. R. Y. Grey:** Mr. Chairman, Mr. Lambert asked whether a certain proposition was axiomatic, I think it is. I hesitate to revert to this point but I do think that it would be helpful to the Committee if they saw how United States draftsmen have attempted to deal with the same technical problem; albeit it is less important for them than it is for us because a smaller proportion of imports into the United States are likely to be between related companies than would be the case in Canada.

If one looks at the kind of language which the United States draftsmen, who are certainly as competent as Canadian draftsmen dealing with these problems, found it necessary to use one will see that there are still elements of uncertainty for the businessmen. For example, Section 207 of the United States Anti-Dumping Act is a relatively short section so I will read it out, merely to make the point that the technique suggested by Mr. Lambert, which I for my part, would be quite prepared to attempt to use in the Canadian draft—I merely wish to demonstrate that one cannot remove the uncertainty, or at least the United States draftsmen have not succeeded in so doing.

Section 207 reads:

That for the purposes of this title the exporter of imported merchandise shall be the person by whom or for whose ac-



count the merchandise is imported into the United States:

The exporter and the importer are really the same person, and there are four conditions:

- (1) If such person is the agent or principal of the exporter, manufacturer, or producer;
- (2) If such person owns or controls, directly or indirectly, through stock ownership or control or otherwise, any interest in the business of the exporter, manufacturer, or producer; or
- (3) If the exporter, manufacturer, or producer owns or controls, directly or indirectly through stock ownership or control or otherwise, any interest in any business conducted by such persons; or
- (4) If any person or persons, jointly or severally, directly or indirectly, through stock ownership or control or otherwise, own or control in the aggregate 20 per centum or more of the voting power of control in the business carried on by the person by whom or for whose account the merchandise is imported into the United States, and also 20 per centum or more of such power or control in the business of the exporter, manufacturer, or producer.

• 1135

Mr. Lambert, you used the term "can of worms" at our previous meeting. There are some worms in that draft and there are some elements of uncertainty. A point the Committee might wish to consider if it recommended the adoption of a detailed regulation along these lines is whether the Canadian regulation should be as broadly drawn, have as many elements of uncertainty, and catch as many transactions as would be caught by the United States law. I think that is the technical problem that the draftsmen attempted to deal with and after a great deal of consideration they came up with a rather different approach to it. I hope Mr. Lambert understands. I am not trying to argue a case. We are faced with a complicated technical problem and we gave a great deal of study to the sort of provisions which I have read out.

**Mr. Lambert:** Well my comment there would be, yes, that may be, and I recognize the difficulties. However, I think Mr. Grey would also recognize that they do draft regulations over in the Income Tax Department that are just as complex, perhaps even more so. Also there are, I think, although I am subject to correction, regulations in the

Income Tax Department with regard to associated companies. What I am after is this question of ministerial discretion. Ministerial discretion has gone far enough, it has gone too far and must be curbed; it should not be extended.

**The Chairman:** Have you a supplementary question, Mr. Hales?

**Mr. Hales:** Yes. Mr. Chairman, we have been quite technical in all our discussions here, so much so that I think we can get quite easily confused, and I do not mind admitting that I am confused. May we take a practical example and ask Mr. Grey how the anti-dumping legislation would work. Supposing we have in Canada an American subsidiary, which is making a product worth \$200. They have a branch in another part of the world, not in the United States but in another area, and they are making the same product for \$1.25. So the American subsidiary in Canada says, "Well, we can make this product for \$1.25 in our foreign plant. We will close our Canadian plant and we will import this product at \$1.25". Now, are they going to be liable under this anti-dumping legislation and would it be considered anti-dumping under the proposed legislation that we are now discussing?

**Mr. R. Y. Grey:** Mr. Chairman, I think the answer in part depends on what the figure of \$1.25 represents. Mr. Hales said they can make the item for \$1.25. Is that their cost of production or is that the price at which they sell it for consumption in the country from which the product is exported to Canada?

**Mr. Hales:** The price that they manufacture it for in that country; that is their cost of manufacturing, \$1.25.

**Mr. R. Y. Grey:** Well, Mr. Chairman, if the price to the importer in Canada is less than the price at which it is sold in the country of export for consumption in the country of export, that is dumping, making allowances for the difference in quantities and levels of trade required under the Code, and those required under this proposal under Section 9, which will be the subject of the regulations, and which we were discussing earlier.

**Mr. Hales:** Well, the American subsidiary in Canada would give consideration to making this product in their foreign plant because they can make it at a lesser cost and therefore would be inclined to close their Canadian branch. This is what I am concerned about.



Why would they not close their Canadian branch when they can make the same product and bring it into Canada for less than they can manufacture it here?

• 1140

**Mr. R. Y. Grey:** Well, Mr. Hales, it is not dumping if a Canadian subsidiary of a foreign firm finds that in fact the product can be produced, either by a firm to which it is related or a firm with which it is dealing at arm's length somewhere else, more cheaply than it can be made in Canada, taking into account transportation costs and the normal duty—that is, if the price at which they import it into Canada is not less than the normal value in the country of export. This Bill deals only with the question of dumping, it does not deal with the question of whether or not it is possible to make something more cheaply abroad than in Canada.

**Mr. Hales:** I think, Mr. Grey, we are going to find that American subsidiaries in Canada will close their doors. They will import this product, they will be accused of dumping; they will get away with it. We will have manufacturing companies in Canada closed because of this legislation.

**Mr. R. Y. Grey:** Well, Mr. Chairman, that, I do not think, is a question. If I may finish my answer, the important question that arises in the kind of transaction Mr. Hales has described, is the question of whether the import price stated on the face of the customs document, is in fact the price which the Canadian subsidiary paid its parent company or the company from which it imported the goods. That is the importance, therefore, of the section which allows the administration to look through the stated export price in the case of transactions between related firms. If, in fact, and it is a question of fact, the amount paid—actually transferred—by the Canadian subsidiary to the foreign firm to which it is related, is the real export price, then the question arises as to whether or not leaving aside all the transportation costs, that is the same as the normal value in the country of export. If it is less than the normal value that is dumping. Then the question arises whether that constitutes a threat of injury. The problem is to know, in transactions between related companies, whether the stated export price really is the consideration that passed between two persons not dealing at arm's length.

**Mr. Hales:** You mentioned they must prove injury. Well the import company...

**Mr. R. Y. Grey:** I beg your pardon, sir, I did not say they must prove injury. I said the question would arise as to whether there was a threat of injury, I did not say that they must prove injury, that is not the fact.

**Mr. Hales:** Well, if there is a threat of injury and the Canadian subsidiary would not say there was injury, would there be any other source that would prove or say there was injury caused by this importation?

**Mr. R. Y. Grey:** Mr. Chairman, it might well be that the trade union in the plant concerned might represent to the government that there was injury. Employment is one of the indices of injury that is mentioned in the Code. I think if that was stated to the Deputy Minister of National Revenue, it would be perfectly within his jurisdiction, as this proposed legislation is drafted, for him to then consider whether an investigation should be launched into that particular transaction and to find out whether or not it was dumping.

[Interpretation]

**The Chairman:** The following members would like to ask questions: Mr. Gray, Mr. Blair and Mr. Danson.

[English]

• 1145

**Mr. Gray:** Returning to Mr. Lambert's point, Mr. Grey, I gather it is your feeling that the method used in the United States for attempting to define nonarm's length transactions and associated companies has turned out to be a very complex piece of legislation, which is not easy to translate into Canadian legal terminology. Also as it is part of the American legislation itself any change would require amendment by the United States Congress, by their legislative body. On the other hand, Mr. Lambert suggests leaving the matter entirely to ministerial discretion is leaving it on too vague a basis. Mr. Lambert adds it may be capricious. I hope that both the administration Mr. Lambert was associated with, and the present one, would not have been interested in proceeding on a capricious basis but I suppose that criticism might always be made by people who are not happy with the exercise of the discretion.

Mr. Lambert suggests what he considers to be a middle way, that an attempt be made to

define nonarm's length transactions and associated companies in a regulation, or set of regulations. These could then be changed, added to or amended, by the Governor in Council as circumstances would seem to require, without the necessity of formal legislative amendment.

May I suggest, because this is just the opening stage of our study of the proposed anti-dumping legislation, and we are going to hear the views of interested members of the public, and we are then finally going to come back to our own formal discussion on the legislation, that you might want to give some consideration, between now and the third stage of our deliberations, to whether or not Mr. Lambert's suggestion would be practical in the Canadian context. I think, if I may say so, it is worthy of further consideration. It may not turn out to be as practical as Mr. Lambert thinks it is, but may I suggest that you could report back to us when we come to the third stage of our deliberations.

Do you have a comment on my suggestion, Mr. Grey?

**Mr. R. Y. Grey:** Well, Mr. Chairman, the draftsmen will be instructed to see if they can draft a regulation which might be somewhat along the line of the relevant sections of the United States anti-dumping act. When the draftsmen are satisfied with this, which I think would be fairly soon, I will be quite happy to make it available to the Committee for their consideration.

**Mr. Gray:** In the meantime as Mr. Arthur has obtained copies of the text of the American legislation, perhaps we could ask our Clerk to distribute them and we could use this as a basis for our further study of the issue raised by Mr. Lambert which, I think, is an important one.

Now if I may take another minute, Mr. Chairman.

[Interpretation]

**The Chairman:** Do you agree that the text dealing with the United States be distributed to the members?

**Some hon. Members:** Yes. Agreed.

[English]

**Mr. Gray:** If I may take another minute with your permission, Mr. Chairman. Mr. Grey, what, if anything, is there in the present legislation that would impose a dumping duty on a product which an American parent decides to make in the United States; for example, if they decide the cost of production

is lower than the cost of production in its subsidiary in Canada? If those are the only circumstances available, would they be covered in any way by our present anti-dumping legislation?

**Mr. R. Y. Grey:** Mr. Chairman, I think that the relevant provision in the present legislation is subsection 6 of section 6 of the Customs Tariff which, in the White Paper, is reproduced beginning at the bottom of page 27.

• 1150

This is an attempt in rather different language to provide the administration with the right to look through, to see, the real nature of the transactions between an importer in Canada which is related to an exporter abroad.

The second part of your question or, perhaps, the real import of your question, if, in fact, a subsidiary in Canada concludes that the product can be made more cheaply abroad and imported into Canada, at less than the cost to manufacture, the cost of distribution and the normal profit in Canada, and it makes that decision, brings this product into Canada, and then imports it, it is not dumping. That is, it is not importing it at less than the normal value in the country of export. If it is not dumping, it is not dumping. It may be an awkward problem of competition and it may well be that this competition is facilitated by the relationship that the subsidiary has to its parent company and the availability to it of a product of more modern design, but that is not dumping.

**Mr. Gray:** In other words, at the present time and under the existing legislation the mere fact that a product is produced in another country at a cost of production lower than the cost of production in Canada—whether by a parent firm or, for that matter, an unrelated firm—is not sufficient to enable the government to impose an anti-dumping duty under the present legislation.

**Mr. R. Y. Grey:** Mr. Chairman, in the present legislation and in the draft legislation the references to cost of production in the Code refer to the cost of production in the country of export. There is no reference to the cost of production in Canada. The production of a product abroad, and its export to Canada at less than the Canadian price, is not necessarily dumping.

**Mr. Gray:** So that if we compare the situation under the present law with the situation



under the proposed law with respect to the set of facts outlined by Mr. Hales, and limiting what I am saying just to the narrow terms of the set of facts set out by Mr. Hales, there is really no change.

**Mr. R. Y. Grey:** Mr. Chairman, I think the only change is that we have attempted to draft this legislation in such a way that we could more easily identify transactions of that sort which might in fact be dumping. In other words, we tried to strengthen the enforcement provisions. Otherwise your remarks are quite correct.

**Mr. Gray:** Thank you very much, Mr. Chairman.

**The Chairman:** Mr. Blair.

**Mr. Blair:** Mr. Grey, what I am first going to ask follows on from what Mr. Gray has been asking. Is it possible for you or the administration to say that there is not likely to be any significant change in the valuation process as it exists under the present law and as it would prevail under the proposed Anti-Dumping Code?

• 1155

**Mr. R. Y. Grey:** Mr. Chairman, under the present law the calculation of value—that is, the fair market value in the country of export—for the regular or normal duty is in fact different from the calculation of what is called “normal value” in the Code for the purposes of levying the anti-dumping duty. It begins on page 29 of the White Paper. For example, an allowance for cash discount is taken into account in the calculation of fair market value for purposes of the anti-dumping duty, but not for the purposes of the normal duty. In other words, under our law now there is a difference in the calculation of that concept that is called “normal value” in the Code between the regular duty and the anti-dumping duty. I think that is true in all jurisdictions, not only in Canada.

This proposed anti-dumping bill does not deal at all with the question of the fair market value for regular duty. Those sections in the Customs Act are unaffected and remain completely intact, and those calculations will presumably be made in exactly the same way. The extent to which the calculation of normal value under this bill, in conformity with the Code, will differ from the calculation of fair market value for purposes of the present anti-dumping provisions can only be determined when you see the regulations which

we discussed earlier, because those regulations have to deal with how the Deputy Minister of National Revenue will calculate a proper deduction for quantity, for differences in levels of trade, and so on.

**Mr. Blair:** Could I then direct your attention to clause 9 of the proposed bill, and more particularly the concluding paragraph, on page 50. This speaks of adjusting the arithmetic of the importer

...to reflect the differences in the terms and conditions of sale, in taxation and other differences relating to price comparability...

and then it concludes,

...but with no other allowances affecting price comparability whatever;...

I am in the unfortunate position of having arrived a little late and in answer to a previous question you may have already outlined the criteria which will be taken into account. You have mentioned cash discount. What are the criteria which fall under the general terminology of

...other differences relating to price comparability...

**Mr. R. Y. Grey:** Mr. Chairman, in the present legislation in the Customs Act—in the statute itself—there are rules for calculating the differences in quantity between the export sale and the transactions for consumption in the home market by that exporter. There are rules about level of trade. Then under Section 6 of the Customs Tariff Act, the anti-dumping provision, there are some regulations which have been made which for the calculation of other allowances for differences in the conditions in terms of sale between the sale for export to Canada and the sale by the exporter for consumption in the country of export. As this draft bill has been devised, all those matters are to be the subject of regulation. Before you came in, Mr. Blair, there was some discussion as to when those regulations in draft form could be made available, and I said that they would be available at the next meeting of the Committee. The words to which you drew our attention were:

...with no other allowances affecting price comparability whatever;...

• 1200

This was to make it clear, with respect to each transaction to which this arithmetic has to be applied, that only the allowances which are set forth in the regulation—and are there-



fore a matter of law and subject to appeal to the Tariff Board and on a point of law to the Exchequer Court—can be made. No others can be made. I do not think the words add anything to the effect of the section. I think they are there primarily for emphasis; to make it clear that only if you can find a basis in the regulation for an allowance can you have that particular deduction made. If it turned out in the light of experience that the regulations did not provide for some difference in the terms and conditions of sale—because I think the Code requires us to make an appropriate allowance for all differences in terms and conditions of sale—then it would be necessary to change the regulations so that as a matter of right they would be available to everybody who is carrying on a similar transaction.

**Mr. Blair:** I am glad you are able to make that statement because that would be my interpretation of the clause. It is contemplated, of course, as we discuss the application of these proposed regulations that they will apply to protect the Canadian manufacturers, but let me put a converse case to you.

Let us suppose that an American firm is selling its product in the United States at a price of \$100 per unit and as part of its sales program in the United States it provides advertising allowances, let us say, to the value of \$4 and it provides servicing of \$4, meaning perhaps that the net selling price, having regard to these services, is \$92 in the American market. Then, let us suppose that the American company appoints a distributor in this country, as is sometimes done, the distributor undertaking out of his own resources to provide for advertising, servicing and all that kind of thing. The American company and the Canadian distributor might agree on a price of \$96 per unit as the import price into Canada.

My question is whether these contemplated regulations relating to valuation would work, as it were, both ways for the benefit of the importer in this kind of situation reducing his transaction to one which is more or less comparable to the condition in the home market?

**Mr. R. Y. Grey:** Mr. Chairman, Mr. Blair said that the purpose of these regulations would be to protect the Canadian producer. That is not a question, that is an assertion. I would like to comment that the purpose of these regulations is to meet our obligation under the Anti-Dumping Code. These words were taken almost literally from the Code.

I think the answer to your question is, yes. It will, I think be easier to deal with that, though, sir, when you see the draft regulations. I might merely comment at this time that the question has arisen and it has been the subject of extensive discussion in the group which drafted this White Paper as to whether in a situation in which the costs incurred for, let us say, advertising in the country of export are significantly less than the cost incurred in the country of import which might be the case, say, on an import into Canada from some European country, the allowance should be based on the sort of costs that are incurred in the country of export or the costs that are incurred for the carrying out of that particular function or service associated with the transaction in the country of import? I think the whole tenor of the Code is that it would be the costs incurred in the country of export. The whole purpose of these allowances is to adjust the export transaction back to the same basis as the sale for home consumption in the country of export. That is the basis for determining whether or not dumping has occurred. Of course, that is set out in Article VI of the GATT. There is nothing new in the Code on that point.

How we have tried to set out that concept in proposed law you will see, sir, in the draft regulations.

• 1205

**Mr. Blair:** I will not question you anymore on the detail of the regulations except to comment that I think Mr. Grey's answer to my question was a highly significant one and if my recollection is correct, then it will mean that the Department will have rather different terms of reference on valuation than they have had heretofore. Perhaps that is too broad a statement, but if these proposed regulations will work both ways, as it were, to the advantage of the importer into Canada as well as for the protection of the Canadian industry, then it is quite a different arrangement than the present anti-dumping provisions.

**Mr. R. Y. Grey:** Mr. Chairman, may I just comment on the statement that Mr. Blair has made? It has been represented frequently by the governments of certain countries that export to Canada, that the basis in present Canadian law for calculating the differences in quantities and levels of trade provided for in the Customs Act do not give an adequate basis for calculating allowances—an allow-

ance on those two counts. The Code is more specific than Article VI on this and I think it is quite clear that, as in other jurisdictions, there will be a significant difference between the calculation of normal value under the proposed anti-dumping legislation and fair market value under the Customs Act. There is a very wide difference in the United States, of course, between these two concepts and there is now a difference in Canada. There will be a greater difference when we meet our obligations under the Code.

**Mr. Blair:** Mr. Chairman, I do not want to take up too much of the Committee's time, but let us be specific. One of the problems which is frequently raised is the problem of the British exporter into Canada, where in Britain, as a general rule, you do not have the same number of levels of trade through distributors, wholesalers, retailers and so on, so that the British price in the home market quite frequently is the final price to the consumer, but when they come to North America with their products and appoint distributors and sub-distributors they are not able to establish a selling price in the British home market which is appropriate to all of these various levels of trade that we have in North America. I take from Mr. Grey's answer that it would be in contemplation, for purposes of determining dumping at any rate, that recognition now would be given to the differing trade practices of exporting countries and the exporters into Canada therefore, might, be able to get a more realistic and favourable valuation under the proposed Anti-Dumping code.

• 1210

**Mr. R. Y. Grey:** Mr. Chairman, the Code lays certain obligations on us which are to take account of all the differences in terms of conditions of sale. The question which we have had to examine in the drafting group is whether, in the sort of case that Mr. Blair has cited, you deduct from the price for which the exporter sells for consumption in the United Kingdom some kind of an allowance which is related to the cost of advertising, warranty, and so on in Canada where it may be quite substantial, given the nature of our market, or in the United Kingdom where it may be a good deal less. I think it is quite clear from the Code that the allowance is related to the order of cost—incurred in the United Kingdom the sort of percentage cost—and that to go beyond that would be sanctioning dumping.

**Mr. Blair:** Mr. Chairman, I have one other question which may open up a very broad field. All of us have been reading the financial papers and the accounts that have been published about proceedings in the United States Senate. I would not want to attempt to put words into the mouth of the editor of *The Financial Post*, but certainly the impression one gets from reading some of these reports is that the Americans may have done an end run around the anti-dumping agreement. Without going into detail perhaps it would be helpful to the Committee if Mr. Grey could explain what has happened down in the United States, and how the administration expects that the Americans will be able to comply with the terms of the international agreement.

**The Chairman:** Mr. Blair, that question was asked of Mr. Grey by Mr. Lambert before you came in.

**Mr. Blair:** I am so sorry; then, I will read the transcript.

**Mr. Lambert (Edmonton West):** With all due respect, I think maybe Mr. Blair has opened another area which will be very instructive. It may be that Mr. Grey will say, "We will bide our time on this", but I do not think it should be ruled out on the fact that it has been asked before.

**The Chairman:** I did not rule out the question, Mr. Lambert. I just mentioned that the subject was brought up by you.

**Mr. R. Y. Grey:** Mr. Chairman, I think it is the view of the United States administration that they will be able to comply with the terms of the Code but the rider to the renegotiation bill to which I referred before Mr. Blair came in the room is indeed very complicated. The Clerk has a copy of this bill and I gather it is to be printed in your proceedings. The precise meaning of this rider for the various obligations in the Code is not something I would wish to answer at this point. I have some questions which have been put to the United States representatives and when we have their answer I will be quite glad to give the Committee a considered answer. I am not dissenting from the view that it is important that the United States meet their obligations, but I do not think I should be put in the position of asserting whether or not they are at this stage.

**The Chairman:** On a supplementary question, sir?



**Mr. Perrault:** Yes, it relates to this. I would like to ask Mr. Grey whether there is any possibility that if there is a change in administration in the United States, after the result of a presidential election, there is any possibility of the United States repudiating any previous agreement entered into with respect to anti-dumping legislation by the previous administration? How binding is this agreement on subsequent American governments?

**Mr. R. Y. Grey:** Mr. Chairman, the Anti-Dumping Code, as it is called informally, has been signed on behalf of the United States Government on the authority of the President of the United States. I do not think I really wish to comment on the possibilities of another Congress, another President doing something else.

**Mr. Perrault:** A new President, with a new philosophy then, conceivably could repudiate this agreement?

**Mr. R. Y. Grey:** So could the Government of the United Kingdom, or the Government of France, or the Government of Canada.

**Mr. Perrault:** Yes.

**Mr. R. Y. Grey:** That is not normally the basic on which trade negotiations are carried on.

• 1215

[Interpretation]

**The Chairman:** Mr. Latulippe, is it a supplementary question, or a series of questions?

**Mr. Latulippe:** Just one question.

**The Chairman:** A supplementary question or...

**Mr. Latulippe:** No. A question.

[English]

**Mr. Danson:** May I start off with a supplementary to Mr. Blair's question? I think it is a rather interesting point and an important one. Does not the Tribunal ultimately determine whether this is dumping or not? In other words, are provisions for service or extra types of service which a distributor may give in this country, but which he may not give in the United Kingdom, for instance, taken into consideration? Does the Tribunal deal with these considerations at all?

**Mr. R. Y. Grey:** Mr. Chairman, the answer is no. The function of the Tribunal, under this proposed scheme of legislation, is really

analogous to the role which the United States Tariff Commission plays in relation to the United States Anti-Dumping Act. It examines solely the question of whether or not the dumping, found on a preliminary basis by the Deputy Minister of the Department of National Revenue to have occurred, has caused, is causing, or is likely to cause, injury. Their function is solely to exercise a judgment about the impact on Canadian production of the dumping which has been found by the Department of National Revenue to have taken place.

**Mr. Danson:** To whom or with whom would one determine what is a fair price and what does not constitute dumping? If, in the case of a British product, for instance, the price is \$1 and it is brought here for 80 cents, there is no analogous situation in Great Britain, and the Canadian distributor is working on a completely different basis, where is that determined and by whom?

**Mr. R. Y. Grey:** Mr. Chairman, that is solely the function of the Deputy Minister of the Department of National Revenue and his officials acting under the proposed law and the regulations, which we discussed earlier and which are yet to appear. Of course, once a decision—an order or a finding to use the formal language—has been made by the Tribunal, then the calculation of the margin of dumping, that is the amount of dumping duty, import by import, is made by the Department of National Revenue subject to appeal to the Tariff Board on questions of fact. All these are, in part questions of fact and in part questions of law.

**Mr. Danson:** Well, the main question I was going to ask, previous to that, was covered partially by Mr. Hales and Mr. Herb Gray and was given, I think, quite a good answer. However, I think it is rather important that we know our terms of reference clearly, with reference to what is dumping and what is anti-dumping, and what we are dealing with here. Perhaps a practical example is the case of flashlight batteries where a major American company, say Union Carbide is manufacturing them in Canada and finds that its plant in Hong Kong can manufacture them much less expensively. As a result, they close down their Canadian operation and import from Hong Kong. RCA might do the same with transistor radios from Japan. This does not constitute dumping, as I understand it, except if it is sold below the market prices in those countries. These are matters of very great



interest to this country when it comes to questions of the Watkins Report, for instance.

**Mr. Gray:** On a point of order, Mr. Grey, I think, is shaking his head in an attempt to indicate some type of answer. This is not recorded, and perhaps you might ask him to make some verbal affirmation or denial without shaking his head.

**The Chairman:** Thank you Mr. Gray, you have a good point there.

**Mr. Gray:** I assume you were agreeing with Mr. Danson from the direction in which your head was moving.

**Mr. R. Y. Grey:** I am sorry.

**Mr. Gray:** This is not TV.

**An hon. Member:** For which we are grateful.

**Mr. R. Y. Grey:** Mr. Chairman, I think the situation outlined by Mr. Danson is not one of dumping. Therefore, it does not fall within the scheme of this legislation.

**Mr. Gray:** It does not fall within the scheme of the existing legislation either?

**Mr. R. Y. Grey:** That is correct, sir.

**Mr. Danson:** I was trying to determine that we were all crystal clear in what we were discussing; what is dumping and what are the effects of foreign investment in the Canadian economy, which is quite a different kettle of fish, really. There seems to be some vagueness in this area, although I think your answer was quite clear.

**Mr. Harkness:** Mr. Chairman, as a result of a considerable amount of practical experience of the unfortunate situations which can arise in the fruit and vegetable industries, I am concerned with the effect of this legislation on those industries. We have always had the situation where fruits and vegetables come on the markets earlier in the United States than they do here in Canada. Let us take strawberries as one specific example. They come on the market perhaps a month earlier in the United States than they do in Canada, the market gets pretty well saturated in the United States, and the price from the time the strawberries first come on the market falls materially. For example, they may be selling at \$2 a case for some two or three weeks, then they fall to \$1.50 and by the time the Canadian strawberries come on the market, they are down to \$1 a case. Then, of

course, if there is no provision to protect the Canadian producer, it means that he has to sell the strawberries below the cost of production because he is in competition with the tail end of the crop in the United States. This was formerly covered by the value for duty provision found on page 36, (7) (b) where the deputy minister, I think it was, or the Minister, could put on a special value for duty in order to enable the Canadian producer to get a fair price for his product. Now, as I understand the situation, this section will disappear; it will be repealed. Is that correct?

**Mr. R. Y. Grey:** That is right, sir.

**Mr. Harkness:** Is there any section in the proposed act which covers this situation? I have gone over the act; I cannot find any and I was wondering whether there is any such section.

**Mr. R. Y. Grey:** Mr. Chairman, in answer to Mr. Harkness' question, I think it is on page 96, subsection 3 of the proposed section 37. This provides the Governor in Council with the power to impose an additional duty or surtax on imported goods which are not dumped, but which are deemed to be injuring Canadian producers. The impact of this is precisely the same as in the present provisions under section 40A of the Customs Act to which you referred, sir, which enable an arbitrary evaluation to be imposed, which means the difference between the actual invoice price and the fixed valuation is levied as an anti-dumping duty. The effect of the present section is to impose an additional tax or duty when the goods are imported. This section, although worded somewhat differently to separate it from the anti-dumping provisions as such, will have precisely the same economic impact and the terms of the discretion proposed to be given the Governor in Council are analogous to that of section 40A as it now exists.

There is one other provision in the proposed anti-dumping act which may have a bearing on the type of importation to which you referred, sir, and that is found on page 48. In paragraph (c) of subsection (1) of proposed section 9, there is a reference to a period—a fixed period of time—and it is contemplated that the regulations will provide that in calculating what is the normal value—the value at which the goods have been sold for consumption in the country of export—rather than looking at transactions that occur on the day the export transaction took place, there will be some ability to look over a

period. Whether or not that will be significant for the trade of fruits and vegetables is difficult to determine until we have had some experience with the working of this legislation. I merely wished to draw your attention to that provision as it is slightly different from the present provisions.

I think, Mr. Chairman, that most of the problems of potential injury or actual injury to Canadian producers of fruits and vegetables have not been problems of dumping as defined under the present law—as defined under the Code or as proposed to be defined in this act. Rather they have been problems of the United States producers being able to produce these goods or being willing to sell them at substantially lower prices than the Canadian producers are able to. They have been dealt with by a technique which imposed an additional emergency duty at the frontier and that action by Canada has been justified internationally by reference to Article XIX of the GATT, that is the escape clause or emergency clause of the GATT which is printed on the last page of the Minutes of the last meeting of this Committee. This proposed section 37 would provide precisely the same sort of power although it is stated to be a tax rather than an additional value for duty. The result is precisely the same, to be used under precisely the same sort of circumstances and to be justified internationally by the terms of Article 19 of the GATT and not Article 6 which deals with dumping.

• 1225

**Mr. Harkness:** But what tax is provided for? You said it is comparable, but in actual practice I do not think it would be comparable at all because for example, if you have a tax of 10 or 15 per cent and a case of strawberries is coming in at \$1 whereas the normal price for sometime prior to this in the United States has been \$2 then this is the price that is required for the producer to get an adequate return. You have a tax of 10 or 15 per cent, but you still have not provided any comparable remedy to the one which was provided by the old value for duty provision.

**Mr. R. Y. Grey:** Mr. Chairman, the present value for duty provision to which Mr. Harkness referred, does have the ceiling that the anti-dumping duty which is levied is the difference between the arbitrary or fixed value under section 40A and the actual invoice price. The ceiling on that is the one provided by the provision in the anti-dump-

ing section that it shall not be more than 50 per cent ad valorem. No such limitation is required under the GATT. Accordingly, the last part of the proposed new section on page 98 of the White Paper says:

... a surtax at such rate, not exceeding the rate that in the opinion of the Governor in Council is sufficient to prevent further such injury or the threat of such injury, as is specified in the order.

Now, just as in the present legislation, the Governor in Council can—to look at the domestic law for the moment—provide under this section an astronomical value for duty and then the anti-dumping duty applies up to 50 per cent ad valorem. So it is contemplated here that the Governor in Council can prescribe such surtax—such emergency tax—as is necessary to prevent the injury. There is a limitation on the action of the Governor in Council provided for in Article XIX of the GATT that if this power is used in an unreasonable manner when we cannot demonstrate to our trading partners that there is injury they are likely to exercise their rights to take compensatory action. That is the case now and, presumably, will be the case if this provision is enacted. But there is no limit, sir, with the level of the tax—

**Mr. Harkness:** You contemplate, then, that a surtax, we will say, of 100 per cent, could be put on?

**Mr. R. Y. Grey:** The act does provide for that. The limitation on our action would be the view taken of such action by the government of the exporting country. That is the limitation now on the use of value for duty and that presumably would continue to be the limitation on the use of this slightly different power.

**Mr. Harkness:** But, in your view as far as this new act is concerned, evaluation or at least a surtax of, let us say, 100 per cent, could be put on?

**Mr. R. Y. Grey:** That is right, sir.

**Mr. Harkness:** There is another point in connection with this. In cases of this kind, time is of the essence. Under the situation that existed, the Minister, as soon as this matter was brought to his attention which ordinarily was as soon as the fruit season or whatever it happened to be started in Canada and imports were coming in at a lower price than had been secured during the season in the United States, could put on the surtax



immediately without any delay. How much time would be required at present for the Governor in Council to deal with this and so forth? In other words, there is no use having a provision of this kind if it is going to take a week or 10 days to put it into effect.

**Mr. R. Y. Grey:** Mr. Chairman, that point has been made to us about the present power which does require an Order in Council—action by the Governor in Council—to authorize the Minister of National Revenue to prescribe the manner in which such goods will be valued. This proposed section also requires an Order in Council and on the face of it there is no reason why it should take any more or any less time.

**Mr. Danson:** I believe, Mr. Grey, at the last meeting you mentioned something about the threat of dumping or the threat of injury—I am not sure which it was—and this applies here, I think, because one of my colleagues brought up the question of the turkey producers, where their price is driven down by the threat of over-production in the United States and the possibility of these lower costs being applicable to Canada in the turkey market. As a result the Canadian turkey producers have reduced their prices to meet the competition below an economic level, in their opinion. No dumping has actually taken place, but there is a threat of dumping and it is injurious in this man's opinion to his industry.

• 1230

**Mr. R. Y. Grey:** Mr. Chairman, the situation that has been outlined is not one which, on the face of it, is dumping. I think in the case of most recent difficulties about turkeys it was not established that there was any dumping. What was at issue was whether or not there was injury or a threat of injury and I draw Mr. Danson's attention to the fact that the proposed section 37 mentions threat of injury. It is quite clear. It would be within the power of the Governor in Council to levy a surtax, if in the judgment of the Governor in Council on a report from the Minister of Finance, there was a threat of injury, but it ought to be clear, I hope, that this deals with injurious imports which are not dumped.

**Mr. Danson:** It is a pretty hairy one to sort of work with, is it not?

**Mr. Harkness:** I think all these agricultural products—fruits, vegetables, turkeys, eggs and so forth—are probably cases in which

there is no dumping under the strict interpretation of dumping as laid down in our present act or under the new act, but there are cases in which there is very considerable damage to our industry because of different seasons of production in countries other than our own or in some cases, such as turkeys, it normally has been because of an over-production which has developed in the United States. The main concern, I think, of the people who are engaged in those industries is whether their protection in the future is going to be considerably reduced or whether it will remain approximately at what it has been. What is the answer to that?

**Mr. R. Y. Grey:** Mr. Chairman, I think it is a matter of history that in the last decade or so most of the problems in this sector of trade have not been problems of dumping. The injury has been caused by non-dumped imports. It has been the availability of goods at substantially lower prices than Canadian producers could compete with. I think their protection under the proposed legislation would be almost exactly the same as it is now.

• 1235

**Mr. Harkness:** I would like to go to the matter I was on, the time element. When a person or representatives of an industry, as I read this proposed act, think they are being injured or there is a threat of their being injured, they have to report this matter to this Tribunal, or they complain and the Minister or the deputy minister turns the matter over to the Tribunal to make a determination as to whether there is injury or whether there is a threat of injury. Would that be the case as far as the fruit and vegetable industry is concerned?

**Mr. R. Y. Grey:** Mr. Chairman, the answer is, no. Just as at present, if it is the view of Canadian producers that they are facing imports which are injuring them or threaten injury, but clearly, as say, in the case of turkeys or potatoes or some of these more recent problems, on the face of it they are not dumped imports, then under the proposed legislation the Governor in Council could act on the basis of reports from the Minister of Finance. In the proposed section 37 the Tribunal has no role. This is an emergency provision analogous to that which all countries have in their legislation—some impose extra taxes, some impose quantitative limita-



tions—and will not appear in the anti-dumping act, but will appear in the Customs Tariff.

**Mr. Harkness:** Under this act the Minister who will take action is the Minister of Finance, rather than the present provisions, the Minister of National Revenue. What is the reason for that? I would think the Minister of National Revenue would likely be much more in touch with these situations than the Minister of Finance and, therefore, in a better position to take action.

**Mr. R. Y. Grey:** Mr. Chairman, the matter of the prices at which goods are actually being imported is obviously one on which the Department of National Revenue has the information . . .

**Mr. Harkness:** Yes.

**Mr. R. Y. Grey:** . . . and it will in the future, as now, make that available to the other government departments concerned. In the case of the sort of product you are talking about, it it would be the Department of Agriculture that would be most active. The question of whether or not a Canadian industry is being injured or threatened with injury has to be the initial responsibility of some minister. It seemed to the draftsmen that these were matters of economic judgment and not matters of the administration of taxing and tariff laws and they did not belong in the Department of National Revenue.

**Mr. Lambert:** Why not the Department of National Revenue which is the department that is primarily concerned with customs and the imposition of duties?

**Mr. R. Y. Grey:** Mr. Chairman, to answer Mr. Lambert's point, because a number of these might concern the Minister of Agriculture or some might concern the Minister of Fisheries. It was considered that the neutral department—the department responsible for changes in the tariff—might be the department which would have the responsibility, in a formal sense, of making the recommendation to the Governor in Council.

**Mr. Harkness:** My only observation on that would be that on the basis, again, of practical experience in dealing with these matters I think the chance of, say, the fruit and vegetable people getting rapid action will be considerably less with the Minister of Finance being the Minister to take action than was the case with the Minister of National Revenue.

**Mr. R. Y. Grey:** Mr. Chairman, I did not detect that there was a question which I am required to answer.

**Mr. Harkness:** No, I said I would just like to make the observation. I was not putting it in the form of a question, Mr. Grey.

**Mr. Burton:** If my understanding of the section at the bottom of page 96 is correct, it means that an order made under this proposed subsection could be applied to imports made only after the date of the order. Is there any provision whereby the effect of the order could be made applicable to imports prior to the date of the passage of the order itself?

• 1240

**Mr. R. Y. Grey:** Mr. Chairman, we assumed that neither this Committee nor the House of Commons, would contemplate retroactive taxation of this sort. I think—I speak subject to legal advice—that it is not possible under the present legislation. I know that it is not the practice under the present legislation to pass with retroactive effect these Orders in Council which prescribe arbitrary valuations. That I understood was really the import of Mr. Harkness' question as to whether these matters could be dealt with expeditiously so that the injury was in fact precluded.

**Mr. Burton:** I wondered if there was any provision for application of order to the time period following the commencement of the investigation, or of a preliminary determination of fact that might be the term used otherwise.

**Mr. R. Y. Grey:** Mr. Chairman, this section on page 96 has nothing do do with the anti-dumping act. It is a consequential amendment because it is no longer proper for us to use an anti-dumping duty to deal with non-dumped imports, and this section does not appear in the anti-dumping act. It would appear in the Customs Tariff and has nothing to do with dumping whatsoever. It has to do with injurious imports which are not dumped, and the tribunal and all the procedures of the anti-dumping act have nothing to do with this section whatsoever. This is in the section of the bill which provides for consequential amendments.

**The Chairman:** Yes, Mr. Lambert.

**Mr. Lambert:** There is a little confusion here. Mr. Grey was telling us in answer to Mr. Harkness' question about the time ele-

ment that under the old act it required an Order in Council to establish valuation for duty. I have looked at section 6, which is the authorizing section. Nowhere does section 6 of the Customs Tariff speak of the Governor in Council. It says the Minister. Then there are provisions in the regulations passed under section 6 where there is a possibility of Governor in Council action. Then we come to sections 35 or 36 to 41A which have to do with valuation for duty under the Customs Act, but it is only in certain remedial situations that the Governor in Council has to act. I rather think that may be a fair interpretation of 36 to 41, that the Governor in Council act only in exceptional cases under 36 to 41A and that otherwise it is the Minister. I do not know—perhaps subject here to Mr. Labarge's interpretation of how they operate under the Customs Tariff—I would like to get that straight because I have the impression that perhaps there is a little confusion here.

**Mr. R. Y. Grey:** Mr. Chairman, the emergency power which is used by Canada to deal with injurious non-dumped imports which Mr. Harkness is referring to is essentially to be found in Section 40A (7) (c) of the Customs Act which provides that, and I will read it for the convenience of the members of the Committee:

where at any time it appears to the satisfaction of the Governor in Council on a report from the Minister...

and that means the Minister of National Revenue...

that goods of any kind not entitled to entry under the British Preferential tariff...

and so on. That provides the authority for the Governor in Council to fix quite arbitrarily a valuation. Then the difference between the invoice price of those goods after such an order is passed and the arbitrary valuation, the difference of up to 50 per cent *ad valorem*, is levied as an anti-dumping duty. That is the only power which the Government of Canada has to deal with injurious non-dumped imports, and it is a power which is exercised by the Governor in Council by Order in Council on a report to the Minister of National Revenue.

#### ● 1245

Now, the difficulty that Canada has encountered internationally is that the use of the anti-dumping duty in this way is seen by our trading partners to be an improper use of the

anti-dumping duty. Other countries, such as the United Kingdom or the United States, would impose a quantitative restriction in such a situation and their action dealing with such injurious non-dumped imports would be presented internationally and have to be justified internationally under the terms of Article XIX of the GATT which is the provision that allows any signatory to the GATT to deal with imports which it deems to be injurious but which are not dumped. The impact of this provision, of an order fixing an arbitrary valuation, is in fact to impose an additional tax on those imports. And that is what this proposed section (7)(a) of the Customs Tariff would do.

**Mr. Lambert:** When you talk about (7)(a), are you on page 36?

**Mr. R. Y. Grey:** I think it is 7 (1a). I am on page 96, sir.

**Mr. Lambert:** All right.

**Mr. R. Y. Grey:** Section 37, subsection (3), of this proposed bill introduces a new subsection (1a) of section 7 of the Customs Tariff.

[Interpretation]

**Mr. Énard:** On a point of order, Mr. Chairman.

**The Chairman:** Yes, Mr. Énard.

**Mr. Énard:** I would like to say I gave you my name three quarters of an hour ago and you are allowing all kinds of supplementary questions. Although I am sure that all the questions can be considered as supplementary because they all deal with the same subject, nevertheless, you either take names or don't.

**The Chairman:** Well Mr. Énard, last week, at the previous meeting, when I asked the Committee for instructions concerning supplementary questions, the Committee left it to my discretion.

**Mr. Énard:** Mr. Chairman, I would like to point out that I can understand one supplementary, but when this leads to five or six subsequent ones, then it is no longer a question of supplementaries.

**The Chairman:** Well, I thought, after consideration, if I may say so, that I would let them go on, as they would have to come up at some time.— I am sorry— you said you gave your name forty five minutes ago. I did not see the time. It seems to me that, so far, the supplementaries that have been asked,



concerned the subject we are studying. In the future, I intend to accept further supplementaries unless the Committee gives me other instructions.

**Mr. Émard:** Well, Mr. Chairman, in the future, my questions will be supplementary questions.

**The Chairman:** Well, if I find these supplementaries are replacing questions, then I will accept or refuse them. Yes, Mr. Lambert.

**Mr. Lambert:** I think that I have sinned much more often than the others. It seems that when we are dealing with a very complicated matter it would be better to get right to the bottom of things, rather than give the floor to a member who wishes like to discuss quite a different matter. I know that it is a very delicate matter, and I understand how frustrated Mr. Émard must feel just now, but if you allow the discussion to move on to something else, you loose the whole thread of thought and then it is more difficult, later on, to come back and re-examine the situation.

**The Chairman:** That is why I accepted the supplementary questions, Mr. Lambert, because, as I said to myself, if I didn't, Mr. Gray would have to go over his explanations again, at another meeting. I apologize to Mr. Émard for not being able to speak earlier.

**Mr. Gray:** Mr. Chairman, I was mistaken, I believe. When you gave me the floor, I thought I was on your list. I intended to ask questions just as though it was my turn to do so. I am sorry if I made a mistake. I thought that most of the other members, who were asking questions after Mr. Blair, for instance, were just following the normal process. But I think there is something in Mr. Lambert's suggestion, to follow through in certain matters so as to have a more complete discussion. It is better not to accept too many supplementaries, but to ask the members who are asking questions, if they wish to give the floor to someone wishing to ask a supplementary, although they, themselves, have not finished asking questions. At the same time, I think it would be best to leave this to your discretion. I shall refer any difficulties which arise to the subcommittee for suggestions.

• 1250

**The Chairman:** When I gave you the floor, Mr. Gray, I thought it was your turn because you were the second one on my list, I am sorry...

[English]

**Mr. Harkness:** Mr. Chairman?

**The Chairman:** Yes, Mr. Harkness.

**Mr. Harkness:** If one is following a series of questions it is a little disturbing or, shall I say, it throws one off a bit to have a series of supplementary questions. Nevertheless, I think it saves time in the end to have these supplementary questions and finish with one phase of the subject rather than going back to it half a dozen times. So I really think your allowing the supplementary questions along this line is all to the good.

Now, I do not want to hold up Mr. Émard, so I have only one more question. In connection with...

**The Chairman:** Mr. Harkness, before you go any further I think, too, we will have to keep in mind that in the past we allowed 15 minutes to any individual member, for granting him additional time to compensate for supplementary questions. It is my intention, if I have no other direction from this Committee, to follow that rule. You have had, Mr. Harkness, over 20 minutes, but I will allow this other question. When I say 20 minutes, time for supplementaries were allowed.

**Mr. Harkness:** The question is in regard to manufactured items which have a seasonal or other feature in connection with them. I am looking at the present provision of (7)(a) under the value for duty provisions on page 36. With this provision of section 37(3)(1a)—Surtax in certain conditions—be applied equally to manufactured goods—to, say, agricultural products?

**Mr. R. Y. Grey:** Mr. Chairman, the answer is, yes.

**Mr. Harkness:** Can you give us any example of a product of that kind where this provision would apply?

**Mr. R. Y. Grey:** Mr. Chairman, it has frequently been represented to us that this is the sort of situation that arises in the garment trade.

**The Chairman:** Mr. Hales?

**Mr. Hales:** My question has to do with procedure, if you are ready for that before we adjourn.

**The Chairman:** Before I give the floor to Mr. Hales, no doubt you have received notices of the intention of this Committee to



sit this afternoon at 3.30 p.m. As you are all aware, the House granted us permission although, according to one of our members—Mr. Lambert—that permission will be used only when we have witnesses other than government officials. I am sorry I called the meeting this afternoon before getting in touch with members of the subcommittee, but because there is a time limit, in a way, for returning this White Paper to the House of Commons I have called this meeting for this afternoon.

• 1255

Another suggestion I wish to make is that when a member asks a supplementary question or has his turn, he should address himself to the microphone because I understand that our people have a hard time getting the question.

**Mr. Hales:** With regard to the White Paper issued by the United States on this matter of anti-dumping regulations, I might say that I do not think it is one bit better than our own; as a matter of fact, I think our own is a better production. However, there is one part of it that I think would be of help to the members of the Committee. At the back of the American one they have a series of examples for purposes of illustration and they list seven of them there. I am wondering whether our officials would be good enough to give us seven examples of a similar nature, but related to existing conditions in Canada. Mr. Grey, would that be possible?

**Mr. Gray:** While Mr. Grey is thinking about his answer, may I ask something for clarification? Is this document headed: *FEDERAL REGISTER* Department of the Treasury, Bureau of Customs, Antidumping Regulations, dated Saturday, June 1, 1968, which was distributed to us by Mr. Arthur, a white paper issued by the United States Federal Government or rather a release in a form similar to that used by our *Canada Gazette* of the law as it existed in the United States and, I suppose still exists pending the implementation of the United States obligations under the GATT negotiations in the code?

**Mr. Blair:** It is intended to meet the requirements of the GATT arrangements.

**Mr. Gray:** We should understand—or perhaps I should understand—exactly what this document is.

**The Chairman:** Mr. Grey, are you ready to give a reply to the question asked by Mr. Hales?

**Mr. R. Y. Grey:** Mr. Chairman, I think before answering Mr. Hale's question I really would like to consult the government's legal advisers as to the appropriateness of giving an example. The practice in the United States on such matters is somewhat different from here and my own inclination is not to give examples but rather to discuss the terms of the proposed legislation.

As to the question raised by Mr. Gray, the *FEDERAL REGISTER* is the equivalent in the United States system of law to the *Canada Gazette*. In the first part of this document which goes to page 8250 of this particular edition of the *FEDERAL REGISTER*, these are the regulations which have been instituted with effect July 1, so that the United States, with respect to those operations that fall within the control of the Secretary to the Treasury, is acting, it believes, in conformity with the Code. The date for application of the Code by the United States was July 1. We thought it would be convenient if we also annexed to this particular document the Antidumping Act of 1921, because it is difficult to understand these regulations without having the Act with it.

**Mr. Gillespie:** These now have the force of law in the U.S.?

**Mr. R. Y. Grey:** Yes, sir.

**Mr. Gillespie:** Mr. Chairman, I have a supplementary.

**The Chairman:** Yes, Mr. Gillespie?

**Mr. Gillespie:** It has to do with the whole question of clarifying the terms we are using and the basis on which duties are set. Mr. Grey has pointed out that the anti-dumping White Paper here and draft act is not concerned just with protecting the interests of domestic producers, but a lot of domestic producers are concerned about the effects of this act.

They are being asked, it seems to me, to compare two things. They are being asked to compare a new act with an old act. Many of them also are trying to compare a new act with existing legislation with respect to importations and tariff changes. We have talked about this this morning.

It seems to me that it would be helpful if we could see some sort of a brief chart—no more than a page—which would define and

reconcile the terms we have used, and I am referring particularly to normal value and export price on the one hand and to fair market value and selling price on the other. I think this would help many of us to understand; it certainly would help me and, I suspect, many in industry to understand the kind of changes we are talking about.

It also would seem to me very helpful if. . .

**The Chairman:** I am very sorry, Mr. Vice-Chairman, but you asked a supplementary question. Is it a statement you want to make?

• 1300

**Mr. Gillespie:** The question is, would Mr. Grey be prepared to produce such a chart?

**Mr. R. Y. Grey:** I think the answer, Mr. Chairman, must be no, because the concepts that have been referred to are concepts which have been the subject of a number of decisions by the Tariff Board and in some cases by the Exchequer Court. They are very complicated questions in law and I do not think, as a practical matter, they can be reduced to some easy sort of chart exposition.

For example, the question of what is a selling price has been the subject of an Exchequer Court decision. I think it is beyond the possibility of human wit to reduce this to an accurate chart.

**The Chairman:** Gentlemen, it is 1 o'clock. The meeting is adjourned until 3.30 p.m. or after the Question Period unless I am otherwise instructed by you members.

#### AFTERNOON SITTING

**The Chairman:** Gentlemen, I am seeking your guidance. Should we proceed now unofficially, and when can we ask that a motion be accepted? Otherwise, at the next sitting, which will be next Thursday morning, a motion could be passed that the proceedings this afternoon are official. What is your direction on that?

**Mr. Hales:** Mr. Chairman, I do not think I could concur that these hearings now would be official in any sense of the word without a quorum.

**The Chairman:** In the past the Committee has proceeded without an official quorum, but later on it became official on a motion when we had the required number. If you feel that we should not sit. . .

**Mr. Gillespie:** Mr. Chairman, is there not a distinction between hearing evidence and passing motions? Why can we not sit as we are, carry on a discussion, and question the witnesses but refrain from any action which might be considered official with respect to motions?

**Mr. Hales:** I agree.

**The Chairman:** Is this agreeable to you, gentlemen? If so, I will begin with Mr. Émard.

[Interpretation]

• 1550

**Mr. Émard:** Mr. Chairman, I would like to have some practical information, so as to have a better idea on the purpose of the Bill. We constantly refer to American dumping. I would like to know if other countries dump their surplus production in Canada besides the United States?

[English]

**Mr. R. Y. Grey:** Mr. Chairman, the United Kingdom has dumping legislation and it has recently been modified to bring it into accord with the international agreement. The Commission of the European Economic Community drafted legislation which, as I understand it, is to be enacted by each of the parliaments of the member states of the EEC and enforced at the national level. This is still a matter which is under the national governments of the EEC, not under the community at such. I believe the Japanese now have dumping legislation. Finland has a new dumping bill. The Nordic countries, Norway and Sweden, have dumping bills. If you required it, sir, I could get a list of all the countries that have legislation but. . .

**Mr. Émard:** No, no.

**Mr. R. Y. Grey:** Other people have caught the fever.

**Mr. Danson:** I have a supplementary to that. Did the nations in the European Common Market have—I was going to say common law—similar laws in this respect? Is it identical or similar in the European Common Market economic community?

**Mr. R. Y. Grey:** Mr. Chairman, before the negotiation of this Code I think the only country which had a law which, by its terms, explicitly dealt with dumping rather than dealing with it at the administrative level was France. Since the passage of the Code, in which the representatives of the Commission



of the European Economic Community played a very active part, the Commission has drafted a model law and I believe it is now in force in each of the member states. To what extent, because of the different administrative practices, there are differences from this model legislation, I am not quite sure. I have examined the model legislation, which is rather closer to the language of the Code than our language.

[Interpretation]

**Mr. Émard:** I conclude from what you just said that Canada is not the only country to suffer from U.S. dumping.

[English]

**Mr. R. Y. Grey:** Mr. Chairman, I think it is correct that Canada is not the only country that suffers from dumping by Americans. It is my understanding that Canadian exporters sometimes dump and that exporters in many countries dump. It is a very common commercial practice and according to the international rules it is to be condemned only if it threatens injury.

[Interpretation]

**Mr. Émard:** But, here, in Canada we always refer only to the United States. Is dumping in Canada carried out only by the U.S., or are other countries involved?

• 1555

[English]

**Mr. R. Y. Grey:** I expect, Mr. Chairman, that is because the majority of our imports come from the United States and we most frequently refer to the problem of dumping through subsidiary companies, and also because the United States has very detailed anti-dumping legislation which the draftsmen have studied rather carefully. So, I expect that is the reason that I at least refer to it very frequently.

[Interpretation]

**Mr. Émard:** Could you mention some items that are often dumped on the Canadian market?

[English]

**Mr. R. Y. Grey:** Certainly.

**The Chairman:** Yes, Mr. Gray.

**Mr. Gray:** Mr. Chairman...

[Interpretation]

**Mr. Gray:** ... Mr. Émard may create some difficulties for the officials. Usually, public information on dumping is not given out. Perhaps this question could best be left to the officials themselves. Is it unusual to make public information on decisions regarding dumping tariffs? It might be difficult for officials to give us accurate information on this matter. Perhaps not. I don't know.

[English]

**Mr. R. Y. Grey:** Mr. Chairman, Mr. Gray's observation is correct. The reason I was hesitating in answering the question is that until new legislation is in effect which requires, in conformity with the Code, that a degree of publicity be given, the question of whether or not an anti-dumping duty has been levied—that is, that the product has been dumped—is a question between that taxpayer and the Crown. It is just as confidential as an individual's income tax. Those that are known about are in fact those who have appealed to the Tariff Board or the Exchequer Court. For example, there is the very well-known case of the Singer Sewing Machine Company, and the question of whether or not there is dumping involved there is a matter that is public knowledge because the facts came up before the Exchequer Court. However, as Mr. Gray observed, these are confidential matters except where they have been brought before the courts, and are then a matter of public record, so I am unfortunately unable to answer the question.

[Interpretation]

**Mr. Émard:** My last question. Everyone I think agrees that the United States is a country with very high productivity. Now, in such a case, it is quite easy to have surplus production. I wonder if you could give us a general idea of what an American over-production of 5 p. 100, let us say, in a given product, would represent percentage-wise on the Canadian market?

[English]

**Mr. R. Y. Grey:** I do not think I really understand the question, sir.

[Interpretation]

**Mr. Émard:** I would like to say, we could, for instance take one example, let us choose a given product, for instance, the United States might produce millions of match boxes and



the consumption in the United States still leave a surplus of, let us say, 500,000 boxes. Now, 500,000 out of several millions would represent but a small percentage in the United States. If these 500,000 boxes were dumped in Canada, they could possibly represent high percentage compared to our match production. So would you have an idea of what 5 p. 100 for instance of excess production in the United States could represent here in Canada? Would it be 25 or 30 p. 100, on the basis of the production of Canada and the United States?

[English]

**Mr. R. Y. Grey:** I think my difficulty is that I do not see the relationship between this and the proposed anti-dumping bill. Certainly across a wide range of products the United States production is 15 or 20 times the Canadian production. For some products it may be lower. On cotton textiles, for example, 1 to 20 is the ratio that is usually used by people dealing with that item. It may be, because production is on a much larger scale in the United States, that their costs for a particular product are much lower and therefore after paying the normal tariff they can compete in the Canadian market without dumping. That would seem to me to be a commonly observed phenomenon. However, I do not see the relationship between the factual question you asked and the anti-dumping arrangements.

• 1600

[Interpretation]

**Mr. Énard:** What I thought personally was that as the United States over-produces several commodities the purpose of the anti-dumping legislation was to protect us against excess exportation. If, as I said earlier, the consumption here is based on a given number of units—for instance let us suppose that the United States manufactures 10,000 refrigerators, and that out of these 10,000 refrigerators they have sold 9,000 at American prices. They have an excess of 1,000. They know they will have different models next year, so they want to get rid of the 1,000 refrigerators that are left. They dump them on the Canadian market. That might not be true for fridges, but it might be true for other things.

[English]

**Mr. R. Y. Grey:** Sir, the question is whether a transaction of the sort you describe

would be dumping. Your example does not seem to me to be particularly hypothetical. It is the sort of transaction that can in fact take place.

Whether or not it would be dumping depends on the precise wording of the regulations we were talking about this morning—the matter of the allowances for quantity and the price during the period in relation to the time of the export to Canada.

It is really very difficult to answer the question whether or not such a transaction is dumping until you see the regulations.

I would make one point, though, which is not perhaps very obvious. The Bill was drafted in terms of like products and that means that “like” is defined as identical, where identical goods exist.

It has been the conclusion of those who have discussed this internationally that the addition of a brand to an article, such as in the case of “Frigidaire”, makes it distinct from an unbranded article.

That is the sort of question that is going to have to be discussed and examined in legal context, case by case, when the legislation is in force. But certainly the kind of commercial transaction that you describe is frequently called dumping, and it may be dumping under this legislation.

**Mr. Flemming:** Mr. Chairman, may I ask a supplementary?

**The Chairman:** I understand that Mr. Flemming wishes to ask a supplementary question.

**Mr. Flemming:** Mr. Grey, would not the determination of whether or not it was dumping depend on the price at which it was invoiced to the prospective customer?

**Mr. R. Y. Grey:** Mr. Chairman, whether or not it is dumping depends on the difference between the export price—that is the phrase used in the Bill for the price at which it is invoiced to the Canadian importer—and the normal value in the country of export. The difference between is the margin of dumping, taking account of the fact that they are both to be on an f.o.b. basis.

**Mr. Flemming:** That was really my question: Would this not depend on at how much the goods were offered below the regular price in the country of origin?

**Mr. R. Y. Grey:** Sir, the difficulty raised by the previous question and by the way you have put your comment is how you calculate

what is the normal value and what allowances you make for the difference in quantities sold in the country of export for home consumption and the export transaction. That is why I said earlier that the calculation of this—the determination of whether it is dumping and by how much—depends upon the regulations that we mentioned this morning.

• 1605

To use Mr. Émard's analogy, he said 1,000...

[Interpretation]

**The Chairman:** Mr. Latulippe, is this a supplementary question?

**Mr. Latulippe:** No.

**The Chairman:** Because you are the next one on the list.

**Mr. Gauthier:** Yes, it is a supplementary.

**The Chairman:** Yes, Mr. Gauthier.

**Mr. Gauthier:** I think that in order to try and clarify Mr. Emard's thinking, I believe that when he mentioned a difference of 5 p. 100, he wanted to know what difference it makes. Let us for instance, take an example to clarify my idea. If, for instance, we reach an agreement with the United States on eggs. It is possible, for Canada, to export for instance, 10 p. 100 of its production, or its excess production, and the United States, on the other hand, was allowed to export 4 to 5 p. 100 of their production. I believe that Mr. Emard wanted to know, what impact the importing of American surplus eggs would have on Canada in view of high American production. What difference would there be between the "dumping" by the United States in Canada and "dumping" by Canada in the United States in terms of ratios or percentages? I think this is what Mr. Emard wanted to know.

What percentage does that represent comparing the two productions?

[English]

**Mr. R. Y. Grey:** Perhaps I could put my answer this way: What, for Canada, might be a very substantial volume of exports to the United States, which might be dumped, might have no impact at all on the enormous American industry.

There might well be cases of dumping of Canadian exports, but there would be no pos-

sibility of the United States Tariff Commission finding that they injured American producers. The attention that is afforded Canadian exporters who may be dumping in the United States market is such that it is unlikely that Canadian production and exports would be so substantial as to have an impact on the United States market; although it is the case that what might be a very small portion of American production, dumped on a market which may be one-tenth or one-twentieth the size, might have a very substantial effect indeed on Canadian production.

It seems to me that if the proposed anti-dumping tribunal in Canada, and the Tariff Commission in the United States were to apply, under the language of the Code, precisely the same standard on what constitutes injury, one might find that a dumped export from Canada of, let us say, 100 units of some product, might not threaten injury to the United States producers, whereas the export of 100 units at a dump price from the United States into Canada might indeed threaten injury; and that simply derives from the difference in the size of the market.

**Mr. Danson:** A supplementary to that. The point, then, if I correctly recall a discussion at one of our previous meetings, was not whether it was injurious to the entire industry, but to even a segment of that industry, even one American supplier—if he were injured by the dumping of 100 Canadian units on the market.

I would assume and perhaps I am assuming too much—that that would bring action under their anti-dumping legislation. In other words, if it were injurious to a total industry, or affect the output of somebody's business...

**Mr. R. Y. Grey:** Mr. Chairman, that question raises two points. First, what is an industry and, second, the question of the individual producer.

I think I said in an earlier discussion that an industry was not a set of corporations. It is the production, the capital and the labour, resources and managerial skill employed in the production of a particular article, abstracted from the corporate structure.

That is, if, let us say, flashlights are being dumped into Canada the impact of that quantum of dumped flashlights has to be assessed in relation to the Canadian production of flashlights, not to the operations of the Canadian General Electric Company. Clearly, that latter result would be nonsensical. It would



lead to everybody's separately incorporating each of their separate lines of production.

• 1610

That is quite clear from the Code and that is why we talked about Canadian production rather than Canadian industries. "Industries" does suggest to many people a group of corporations. To avoid that connotation we have talked about "Canadian production" throughout the Bill.

Now, whether one producer could bring an anti-dumping action—I do not think "action" is quite the right term. This is not actionable in a conventional adversary sense. As to whether they can trigger off an investigation the answer as far as our legislation is concerned, is this: if the Deputy Minister of National Revenue is satisfied that there is some evidence of dumping and is of the opinion that there is some evidence of injury he can start an investigation, but when the tribunal examines the question of injury, they are, it is proposed, bound by the provisions of Article 4 of the Code, which is found at page 15 of the White Paper, which says, in part:

...the term "domestic industry" shall be interpreted as referring to the domestic producers as a whole of the like products...

That is, the identical product. Let us say in this case it is a flashlight. I continue:

...or to those of them whose collective output of the products constitutes a major proportion of the total domestic production...

Then there are a number of exceptions to it, but that is the basic rule. Incidentally, this section is the only section of the Code which is explicitly referred to in the draft bill and which by reference is imported into the bill. Everywhere else the bill stands completely on its own feet without any reference to the Code whatsoever. This is the one part where the Code is imported into the bill. It would be a matter for the tribunal to decide what is a "major proportion".

**Mr. Gillespie:** Mr. Chairman, may I ask a supplementary?

**The Chairman:** I will allow this one, but I want everyone to have a chance to ask questions for 10 to 15 minutes. Your name is coming up shortly, Mr. Gillespie, but I will allow this one.

• 1615

**Mr. Gillespie:** I think it is pertinent to the question that was just asked because part of this question of injury deals, as I understand it, with the question of retardation, I think the words are "materially retards the establishment of a domestic industry". Now the problem I am having is this. If we are talking about one company or a group of companies, we are talking about them in existence; when we start to talk about the establishment of a domestic industry we are probably talking about something which does not yet exist. So why then would not one producer or one potential producer qualify under the terms of this particular act?

**Mr. R. Y. Grey:** Well, Mr. Chairman, in that situation where what is alleged is that dumping is taking place and the impact of that dumping is to prevent a potential Canadian producer from producing that product and there is no other producer in Canada—obviously that is the situation—then he is the whole of the potential Canadian industry for this purpose. The conclusion drawn is perfectly correct and I think that is implied in the last sentence of Article 3, paragraph (a) of the Code on page 14.

**Mr. Gillespie:** Well under those circumstances one producer would be sufficient to qualify?

**Mr. R. Y. Grey:** Yes.

**Mr. Danson:** In Canada?

**Mr. R. Y. Grey:** In any country, yes.

**Mr. Danson:** I hope you do not mind me pursuing this but Mr. Gillespie and I, in our previous occupations, were victims of legislation and we are not used to working with the legislation itself. It is very interesting because these things are reciprocal, I would think, and if we interpret things unfairly then they are likely to interpret them in the same light. I know my own experience has been that a producer in the States can be a very vocal person to his Congressman, as can be his Congressman, and sometimes interpretations of customs regulations on that side of the border are pretty strict. I think there has been some relief in that respect in the new spirit generated by the Automotive Trade Pact for instance. But it is terribly important that we understand this point because if it is an industry per se, as a whole it suffers. My experience is that if you are hurting one fel-



low in South Bend, Indiana the whole full force of the American government comes on his side, and if this was a little clearer it would be very helpful.

**Mr. R. Y. Grey:** Mr. Chairman, there are two aspects of this. Under the United States practice as applied before July 1, if a producer complained and there appeared to be dumping an order could be made by the Treasury to withhold appraisement of those goods. That meant that though the goods would be released from Customs and they could in fact be disposed of, the importer did not know whether or not he might be liable for an additional dumping duty. Should it be finally concluded that the goods are dumped and then the matter referred to the United States Tariff Commission and it finds there is injury, this process during which the goods are simply held, subject to appraisement—although released from Customs and one could dispose of them—might last from six months to two years. It was the view of the Canadian government and many other governments that this restricted legitimate trade and that this meant, because there was no time limit on which appraisement could be withheld, that dumped exports which were not injuring anyone were being dealt with by a technique of holding imports subject to appraisement for prolonged periods of time. And this is the reason that in the Code there were time limits set on the taking of provisional action. Withholding of appraisement is provisional action in terms of the Code. So that while it may be that a single producer in the United States, as in Canada, can trigger an investigation as to whether dumping takes place there can be no liability created for potential anti-dumping duty—that is by the withholding of appraisement, to use United States language—for longer than 90 days. At the end of 90 days there must be a decision by the Anti-Dumping Tribunal in Canada or by the Tariff Commission in the United States as to whether or not there is injury. That was one of the main purposes of the Code from the point of view of access to the United States market. It was not part of the purpose of the negotiations to preclude the United States from levying anti-dumping duties on Canadian exports that were dumped and did, in fact, threaten injury to United States producers. It was part of the purpose of the negotiations to limit the operation of the

United States legislation and our own in such a way that harassed exporters who were dumping but were not injuring anyone—

[Interpretation]

**The Chairman:** Was Mr. Émard through?

• 1620

**Mr. Émard:** A last question. Are you aware that Canada has already been accused of dumping in the United States?

[English]

**Mr. R. Y. Grey:** Mr. Chairman, there have been a number of cases in which Canadian exporters have been accused of dumping in the United States. Several of them have gone beyond this question of dumping and into the question of injury, and I think there is one case current now which arose before the Code came into effect.

[Interpretation]

**The Chairman:** Have you concluded, sir?

[English]

Before I give the floor to Mr. Latulippe I would like to state that we are now in a position to operate in an official capacity. Mr. Latulippe?

[Interpretation]

**Mr. Émard:** I was waiting for Mr. Grey's answer.

[English]

**The Chairman:** I am sorry, Mr. Émard.

**Mr. R. Y. Grey:** I have a record here of all the cases since 1960 which have progressed to different points in the United States under the investigative process, and I am trying to establish how many cases there are now. I think there is at least one. Mr. Chairman, from a quick reference to the material we have, it seems that the current cases which have not been terminated in the United States involve—since these are matters of public record in the United States this could be established by reference, I think, to the notice of investigation that is published in the *Federal Register*—concord grapes, potassium chloride, frozen haddock, radio and television towers, plastic mattress handles and brake drums. These are the products which it is alleged Canadians are dumping on the United States market.

[Interpretation]

**The Chairman:** Mr. Émard?

**Mr. Émard:** No, thank you.

**The Chairman:** Mr. Latulippe, please.

**Mr. Latulippe:** Mr. Chairman, I think that we are dealing with generalities. Could we not concentrate and work on sectors which are of particular interest to us in Canada? Could we define the sectors in which we are affected by dumping, either from France, Japan or the U.S.—for instance, such sectors as the textile, footwear, or food industry? It seems that it would be easier to work on subjects which are clearly defined and the dumping of which is detrimental to Canada. Besides, this is what people expect us to do, particularly where textiles are concerned. I think we should work on specific subjects so as to know where we stand in this matter and also to know whether we are not causing injury ourselves by dumping in other countries.

**The Chairman:** Thank you for your question, Mr. Latulippe. The Committee had decided that members would be able to put questions after Mr. Gray's report and then to proceed article by article on the new draft Bill. I think, in order to be fair, the Committee has decided to follow this procedure to enable the members of this Committee to put questions on Mr. Gray's report, which was submitted last week, and then, to deal, article by article, with the draft bill in the new White Paper.

**Mr. Gray:** We will then hear witnesses from the public sectors and then finally, we will have a discussion on the White Book, White Paper, before we get on to our final report. Therefore, we are meeting here to obtain explanations concerning the contents of the legislation dealt with in the White Paper. When we'll have groups from the public sector, perhaps groups representing the textile industry, we shall be able to enquire about special problems as Mr. Latulippe suggested, because I think it's a very useful suggestion. But I suppose, Mr. Chairman, that your idea is that it would be better to delay the enquiry on special subjects and perhaps until we can meet those groups representing the various sectors of industry who have specific ideas to submit, and then get on to the

questions which we would like to put. Thereafter, we could discuss our ideas, in Committee, while dealing with the final stage of this White Paper.

• 1625

**The Chairman:** Gentlemen, as chairman of this Committee, I am at your disposal. These, I believe, are the guidelines you have set for me and which I am following. But, of course, you may decide to change them.

Do you have another question, Mr. Latulippe?

**Mr. Latulippe:** No.

[English]

**Mr. Gillespie:** I pass, Mr. Chairman.

**The Chairman:** Mr. Flemming?

**Mr. Flemming:** Not at the moment, thank you.

**The Chairman:** Mr. Gray, do you have any questions?

**Mr. Gray:** Not at the moment, Mr. Chairman. Perhaps I will when we begin looking at the bill clause by clause.

**The Chairman:** Mr. Perrault?

**Mr. Perrault:** Mr. Chairman, I am interested in some of the methods to be used to establish value for anti-dumping. I think we have covered very well in the hearings, thus far, the procedures which would apply to economies comparable to our own. I am interested in the matter of state-controlled economies. I know that in section 9, subsections (4) and (5) there seems to be a reference to the matter of state-controlled economies and reference is made to:

9. (5) (a) the government of that country has a monopoly or substantial monopoly of its export trade, or

(b) domestic prices are substantially determined by the government of that country,

It seems to me it poses an entirely new set of problems in the matter of establishing the value for anti-dumping. It has been proposed at various times that if we are to establish a fair method of calculating the domestic price, we should have a procedure developed to compare that domestic price to those which



exist in a third country. It has been suggested and I quote:

*Article (g)2—State Controlled Economies.*

(i) the free economy third country must be located in the same general geographic area of the world as the exporting country.

(ii) standards in real terms of living and wages in the two countries must be as near as possible and due allowances must be made for any difference in the standards.

(iii) the cost and source of raw materials for the product in question must be taken into consideration.

(iv) due allowance must be made in each case for difference in terms of sale for the quantities involved, for differences in taxation and other differences which affect price comparability.

The draft bill suggests—I can only find the general words:

9. (5) shall be determined in such manner as the Minister prescribes.

I wonder if Mr. Grey could tell the Committee what methods will be employed to determine whether something has been practised by state-controlled economies. I think this is an important question if we are going to engage in more trading with this type of economy in the years to come.

**Mr. R. Y. Grey:** Mr. Chairman, the group that negotiated the Code, in which there was a representative speaking on behalf of the state-controlled economies of Eastern Europe, agreed that the internationally accepted practice should be continued, essentially as you have described it, sir, by reference to the prices at which a more or less similar product is being imported by an economy of an open-market type and presumably a neighbouring economy where conditions are as much the same as in a state-controlled economy as can be reasonably ascertained. That has been the practice followed by Canada. It has been the practice followed by the United States. There was recently a case, I believe, where the United States found that dumping was occurring from Poland and they did, in fact, proceed in the way you suggested by reference to the imports of a similar product from a nearby country having an open-market economy.

I might say, Mr. Chairman, that in the Code this is remarkably unclear. It is found on page 13. At the bottom of page 13, paragraph (g) it says:

(g) This Article is without prejudice to the second Supplementary Provision to paragraph 1 of Article VI in Annex I of the General Agreement.

I think it was a mistake on the part of the people who prepared the White Paper not to have included the supplementary provisions to Article VI because this part of the Code cannot be understood by reference to anything in the White Paper and if your Committee agreed, Mr. Chairman, I have found these additional provisions which are entitled "Add Article VI". They should really have been included in the White Paper and it would help the members of your Committee to understand this.

**Mr. Perrault:** Mr. Chairman, it is a matter of concern and some confusion for me to see it dealt with in such a vague fashion. When regulations are issued, will they cover the methods to be employed to determine dumping as it relates to state-controlled economies?

• 1630

**The Chairman:** And you will move that this additional information be included?

**Mr. Perrault:** Yes, I would.

**The Chairman:** Seconded by Mr. Trudel.

**Mr. Trudel:** Yes.

**Mr. R. Y. Grey:** Mr. Chairman, the present practice is that the Minister of National Revenue now prescribes how the value of such an import from a state trading economy shall be valued for normal duty and for purposes of the dumping duty. That is carried forward in subclause (5) of clause 9 on page 52, and on this there really is no change except that the particular circumstances in which the Minister shall prescribe the value are described more exactly. This is covered by a general provision under the present legislation. Here we attempted to describe that class of import on which the Minister should use this discretionary power. But the Minister does now prescribe it, and we have neither added to nor subtracted from his discretion in this regard.

It is the case, though, that if it is found that such an import from a state trading



economy is dumped by the use of this provision, there will also have to be an examination into injury. That, of course, applies to this class of dumped imports as to others, and that is new, of course.

**Mr. Danson:** Mr. Grey, you used the word "like" previously and described it briefly. I have heard it used a few times in these discussions and it referred to products and to conditions. When you referred to "like" products you interpreted "like" to mean identical. Then the further illustration of a refrigerator that had the name Frigidaire on it and one that was unbranded brings up the question concerning to what extent, if any, are we using the "class or kind" descriptions that we have been accustomed to in the past, because if "like" is meant to be "identical", there are all sorts of ways of evading these general categories of goods. Maybe I misunderstood it. Then there are "like conditions", a term which also requires some interpretation. I am primarily interested in the interpretation of "like" products. How are we going to differentiate there?

**Mr. R. Y. Grey:** Mr. Chairman, this is defined in the interpretation provision of the proposed bill, clause 2, subclause (g), which reads:

(g) "like goods" in relation to any goods means

(i) goods that are identical in all respects to the said goods...

Now, it would be my view—of course, once this bill comes into effect, my view is irrelevant; it is what the court says—that a branded product is not like in this sense, not identical with the same article minus the brand. That was something which was discussed extensively in the negotiating group. The definition goes on to say:

or,

(ii) in the absence of any goods described in subparagraph (i),...

which I have just read out.

goods the characteristics of which closely resemble those of the said goods;

• 1635

So, concerning the product which it is alleged is being dumped into Canada, if there is no Canadian product which is like it, then you look at the impact of that dumping on

"goods the characteristics of which closely resemble those of" the imported product. And, in the case of the country of export, if there is no sale in the home market of a product which is identical to that which is being exported to Canada, then you look at the price in the home market of the product made by that exporter which has characteristics closely similar to those that he is exporting to Canada.

**Mr. Danson:** Yes. Well, I was confused, "Closely similar" gets into a broader category, but the question of branded and unbranded, if that interpretation was of "like", it was pretty clear for a while. It was terribly restrictive. It was a "like" I did not like. But then you are getting into something we will not call "class or kind", but that type of interpretation—"closely similar to"—if we can stay with refrigerators, then does this make a difference whether it has a bigger freezing compartment than the other refrigerator? How "like" is like? If you say it is not in the same category as the "class or kind" rulings, which we got used to—I do not know if they are good; many of the rulings were perhaps bad—but it gave you an area to work in, and this looks very confined. It need not be, except that when we talk about the difference between branded and unbranded not being "like", then something that closely resembles is then a matter of interpretation, and it could be interpreted broadly or narrowly. I am just not sure what the intent is here and if our intent is the same as the other signatories involved?

**Mr. R. Y. Grey:** I cannot see, Mr. Chairman, that there really is a problem here analogous to the "class or kind" problem. I suppose, though, that if it is found by the Tribunal that there is, in fact, no production or planned production in Canada of any product that has characteristics closely similar to that of the imported dumped article, then there can be no injury. And I think it is only in that sense that there is a problem analogous to the "class or kind" problem. But it would be a matter for judgment by the Tribunal, I would think, to determine what impact the dumping of article "A" has on Canadian production of article "C". They may say that they are so dissimilar that there cannot be any impact at all. In that sense it becomes a question of injury. Except in that

context, I do not think there is a problem analogous to the "class or kind" problem, and I think that, with respect, when we go through the bill, clause by clause, you will see that the whole structure is really quite different on this particular point.

**Mr. Danson:** I see.

**Mr. Grey:** This definition is taken from the Code, and it simply is an injunction to look at both the terms of the import market and the price in the country of export for the identical product, and if you cannot find it to look at something similar.

**Mr. Danson:** Yes.

**Mr. R. Y. Grey:** That does not seem to me to introduce any complications.

**Mr. Danson:** Oh, no, that interpretation I did not mind, except it was the interpretation I took from your interpretation which was when you took it from a branded to an unbranded, it became "not like", and that was getting pretty identical, except for the name plates. But maybe I misunderstood you.

**Mr. R. Y. Grey:** I had merely made earlier a purely factual statement that the negotiators felt that there were many areas of trade in which the addition of a brand made the product not "like", in the sense of identical, but it might remain within the definition of "like" in the second paragraph.

• 1640

I think it is the case that a product which has with it the brand name which has been heavily advertised is for commercial purposes a different product than the same physical article which cannot be identified by the consumer as being that branded article.

**Mr. Danson:** But this is really perhaps what dumping is all about. We have dumping on the domestic market by the same company. They will make an unbranded and a branded item, and dump in this case too, within our own country and particularly when you get into the area of brand names.

**Mr. Perrault:** House brands and name brands.

**Mr. Danson:** Yes.

**Mr. Perrault:** Is that dumping, though? I should not be intervening like this.

**Mr. Danson:** No. I think this brings up an exceedingly important point. The fact that the negotiators discussed this specific point and determined it in this way is of great interest, because this is how it will be interpreted and where there could be the greatest possible danger in dumping.

In other words, if I were a distributor of refrigerators in Canada I could go, let us say, to Whirlpool, in Grand Rapids, Michigan, which I do not believe sells in Canada as a brand name, and make a deal with them; and because of this high production that Mr. Emard was talking about I could really sell at a very low rate, particularly if they give me 10 per cent of their production, which I can handle in Canada.

I will call it "Poolwhirl". They have taken off a well-advertised brand name, have reduced the value by 20 per cent, are able to sell it in this country at lower than the market price of Whirlpool in Grand Rapids, and cannot be accused of dumping; and yet they are dumping in the worst possible way. This could be a terrible abuse of this legislation.

**Mr. R. Y. Grey:** It was the intention of the draftsmen, Mr. Chairman, to prevent that sort of dumping. Whether or not they have succeeded may not be known for years, until the Courts have examined this. I am not being facetious, but I think the matter is that complicated and that difficult to determine.

**Mr. Danson:** In other words, this matter seems to be wide open?

**The Chairman:** Mr. Perrault, is this a supplementary or a question?

**Mr. Perrault:** Yes; it relates to this question, in a way. Mr. Chairman, I would be interested to know explicitly—and it may be of interest to other Members of the Committee—the instances of dumping which have occurred in the past ten years, by nation and by product, to find out where the challenge or threat originates, or has originated in the past ten years. It might be most enlightening to find out exactly those areas of our economy that apparently are threatened by this practice by other nations.

Your observation inspired this question. Have refrigerators in fact been shipped into Canada from Grand Rapids, Michigan or from some other comparable source? Would it be possible to obtain such a document?



**Mr. R. Y. Grey:** Mr. Chairman, the answer to the last question is no, because in Canada these questions raise the matter of the tax liability of an importer to the Crown, and that is confidential.

**Mr. Perrault:** Yes.

**Mr. R. Y. Grey:** It is generally believed that it is in the field of consumer goods, where fashions change, that there may be a disposition by United States' producers to dump goods into Canada rather than "spoiling" the market in the United States.

That was the sort of dumping that was described in the 1920's by Jacob Viner, the Canadian economist, who went to the United States and wrote the classic work in this area. Nothing so important has been written since then.

My impression is that dumping tends to occur from those countries where there are large corporations which either have monopoly or oligopoly power in their country, or are highly protected by tariffs.

• 1645

I would therefore suspect that if the records were to be made available—which they cannot—you would find that most dumping has occurred from large corporations abroad where there is high tariff protection, as in the case of certain chemicals in the United States; or where, simply through size, a corporation may effectively dominate a substantial market and, therefore, will exact a high price there.

In a more open market, such as Canada, they have to dump in order to take a share of the Canadian market. It is an economist's as well as a theoretical answer.

The nature of dumping has changed, from the phenomenon of the New York garment industry dumping its end-of-season products in the Montreal market, to something that is an aspect of large, multi-national corporations and how they price their products in different markets.

**The Chairman:** Mr. Trudel?

**Mr. Trudel:** Mr. Chairman, my question may be related to what Mr. Danson has said.

I believe it is a fact at the present time that there are manufacturers, possibly with headquarters in the United States, who are using affiliates in other countries to the point that

you have raised about brand names on identical products, exporting at a known quantity or at a known price on a brand name, and using the excess production under an unknown brand to dump in various countries.

I would like your views on that?

**Mr. R. Y. Grey:** Well, that can happen, sir, and whether or not it can be dealt with effectively under this legislation will depend on how effective are the regulations about "normal value" to which we referred this morning—how well they are drafted—and how effective the administration can be in looking through the stated export price in transactions between what are called "associated persons" in this Bill.

[Interpretation]

**The Chairman:** Do you have any other questions, Mr. Trudel?

**Mr. Trudel:** I have another question, Mr. Chairman.

Mr. Grey, do you feel that this legislation is restrictive enough to impose barriers on such a practice? Is it sufficiently refined, that it will eliminate this usage of brand names either to dump or control a price or a market?

[English]

**Mr. R. Y. Grey:** The question, as stated, does not really relate entirely to dumping. The fact is that if a brand is established through large expenditure in the past establishing that brand name in the minds of consumers, whether it be a particular machine tool or a consumer product such as a power lawn mower, that gives the competitive advantage to the producer of that product, whether he be in Canada, in the United States, in Japan, in the United Kingdom, or wherever.

I thought that the difficulty in law—and it is a real difficulty would have been in dealing with dumping by producers exporting the identical article except that it is unbranded; not the domination of the market by the branded product, but the ability to dump the unbranded product from the same production line.

• 1650

All I can say is that the draftsmen of this Bill and those who are drafting the regulations are aware of this problem and are trying to deal with it. There are a good many



sections of the regulations and of the act which, working together, deal with this problem. Whether or not I think we have done our job properly I do not think is of any real interest to the Committee.

**Mr. Hales:** I wish to pursue just a little further a question I asked this morning about American subsidiaries in Canada. I will preface my question this way. American subsidiaries are located in Canada because of existing tariff regulations. They establish plants here to supply the Canadian market and perhaps do a little exporting. This is chiefly due to our present tariff regulations. With the introduction of the Kennedy Round of tariffs and the anti-dumping legislation do you feel, Mr. Grey, that this opens the door for these companies to reassess their situation and the advisability of their remaining and manufacturing in Canada, realizing that one of their branches, be it any place in the world—it might be in an area where they have a very low labour cost and low general production costs—can import that product into Canada and fulfil all the regulations so that they would not be charged with anti-dumping and place themselves in the position where they can say, "It is not economically advisable for us to continue our Canadian operations". Is the door not open for this sort of logic, this sort of thinking on behalf of so many American corporate companies in Canada?

**Mr. R. Y. Grey:** Mr. Chairman, I think there are three points I would like to make in trying to answer Mr. Hales' question. It may be, because of some of the reductions in the rates of duty, that somebody producing goods in Canada—it may be subsidiary of an American firm or it may be an independent Canadian firm—will find that these goods can now be more economically imported. If that was not the case we would not have been able to sign the Kennedy Round, because presumably our trading partners thought that they were going to make additional exports to Canada as a result of our tariff reductions. Presumably we are going to make extra exports because of other people's tariff reductions.

As far as the anti-dumping legislation is concerned, the previous Minister of Finance stated before a committee meeting in this room, in the House and on several public occasions—as the present Minister of Finance states in the introduction to this White Pap-

er—that this legislation will enable us to apply anti-dumping duties quickly and effectively when dumping threatens injury to Canadian producers. I do not find any difficulty in agreeing with the Minister of Finance on this point. If I did, I do not think I would be here. That would be my choice. I would not be here if I disagreed on a point as important as that.

• 1655

It may be that there are some producers in Canada who now have protection against dumping which is not injuring them. Whether any such firm or group of producers—and I find it very hard indeed to think of an example—would change their production plans in Canada because they cannot now get the protection of the anti-dumping duty unless it is concluded on behalf of the government by the Anti-dumping Tribunal that there is at least a threat of injury, I do not know. I think the real answer to your question is the kind of decision that will be made by the tribunal as to what constitutes a threat of injury. I think it is the case, Mr. Hales, that there are a number of subsidiaries of American firms, and possibly firms from other countries, that may well be taking decisions about their production in Canada on the basis of newspaper reports or other vague allegations about the change in our anti-dumping legislation and without reading this White Paper and implicitly not accepting the view of several ministers of finance that this would enable us to apply anti-dumping duties quickly and effectively if dumping threatens injury. I do not see that there is any way in which the government can preclude business firms from making that kind of mistake in judgment.

**Mr. Hales:** Mr. Grey, I think we realize that there are some American subsidiaries in Canada who may now have 90 or 95 per cent of the market in any given product and it is not conceivable that they are going to register any threat of injury when they are almost the sole producer of the product in Canada. What do you do in a case like that?

**Mr. R. Y. Grey:** Mr. Hales, neither the Code nor the Bill precludes the government, on the initiative of the Deputy Minister of National Revenue, from investigating the impact of such dumping. One of the points that was made to us during the hearings, which were held on a confidential basis, by

certain trade unions was just this very point, and I would have thought one of the most likely ways in which information could come to the government's attention that such was the proposal of a particular corporation would be from the employees. There is no limitation in the Code on the right of a government, and there is no limitation on the right of the Deputy Minister in the law, to launch an investigation. I suppose, Mr. Hales, the answer to your question will not be given until we deal with some such development, should one occur.

**Mr. Hales:** I am sorry that I am not putting this in the form of a question. As the chairman of a committee I prefer questions, not comments. However, I think we can readily realize and visualize that a Canadian subsidiary would be closed up and away before the 90-day period and before the investigation and everything took place, and I am quite concerned about this. They have been reading the papers and perhaps not looking into this, and we will find ourselves with some of them closing up and folding their tents and stealing away before we are caught up with this.

**Mr. R. Y. Grey:** Mr. Chairman, . . .

**Mr. Hales:** That was not a question but you might like to comment.

**Mr. R. Y. Grey:** Mr. Chairman, I think I have commented as much as possible. I think the problem is that the government really cannot preclude business firms from making decisions on the basis of what they think is in the Bill rather than what is in the Bill.

**An hon. Member:** As a supplementary question, though. . .

**The Chairman:** I will give the floor to Mr. Gray. He indicated he wished to speak before you did.

**Mr. Gray:** Unless my memory is failing me, I seem to recall when we were having our hearings on the Kennedy Round tariff changes this spring, and we had a sort of preliminary look at the Code, Mr. Hees made just the opposite complaint or raised just the opposite type of spectre. He suggested that it might be possible for somebody to come in and make a quick dump and injure Canadian industry before anybody could do anything about it. Mr. Hales, as I say, is now suggest-

ing that because we have something in our proposed law which will operate quickly will have just the opposite result.

**Mr. Hales:** I think it is a different analogy, Mr. Chairman. I am talking about industries closing and Mr. Hees was talking about a dump in products. I think it is two different points.

• 1700

**Mr. Danson:** An extension of what Mr. Hales was saying is that if a foreign company could maintain a market in Canada with dumped goods then there would be less incentive or no incentive for them ever to open up a production plant here. Is this not a possibility? I am sorry that this is in the nature of a comment, but I assume our aim is to get at the root causes here and we all have some concerns. Fundamentally, the old anti-dumping law contained a lot that was not good and this proposed one sets it out so much better, but it is a matter of looking at these alternatives.

**Mr. R. Y. Grey:** It might be found, Mr. Chairman, that such dumping was materially retarding the establishment of Canadian industry.

**The Chairman:** Yes.

**Mr. R. Y. Grey:** If it is the case that there is a product now made in Canada which can be made efficiently and economically here with existing tariff protection and the parent firm controlling the Canadian plant decides that it would prefer to supply this market by dumping and abandons Canadian production here, certainly one way this could be dealt with is if there were another potential Canadian producer who would argue the case that that dumping was precluding him getting into production of the like product. So there is the situation of the injury done to Canadian production through the impact on employment and also the possibility of another producer, a potential producer, bringing this matter forward.

**The Chairman:** Mr. Grey, this morning some questions were directed to you concerning ministerial discretion. Have you anything to add to your reply? I think one of the questions was directed to you by Mr. Lambert.



**Mr. R. Y. Grey:** Mr. Chairman, over the luncheon period I did have an opportunity to take advice on the extent to which we were importing by reference to the Income Tax Act on page 42 of the White Paper—the concept of ministerial discretion—and this was commented on several times by Mr. Lambert. I think a difficulty has arisen because by following the language of the Code the draftsmen used the term “‘associated persons’ or persons associated with each other”. It will be found in the Code on page 13, paragraph (e). The term used there is “association”, It says:

(e) In cases where there is no export price or where it appears to the authorities concerned that the export price is unreliable because of association...

and so on. I think the use of this term from the Code in the draft bill has created some confusion. I am not an expert on the Income Tax Act, but, as I see it, there are three separate areas in the Income Tax Act which are relevant here. Section 39(4) of the Income Tax Act defines corporations that are associated. This definition is necessary because there are two steps in the corporate income tax rates. Section 139(5) says what is “dealing at arm’s length” and, in effect it says:

For the purposes of this Act, related persons

shall...be deemed not to deal with each other at arm’s length.

And then for persons who are not related to each other, it is a question of fact whether they are dealing at arm’s length. In section (5) (a) there is a definition of “relationship”.

● 1705

It was this concept which, as I understand it, in no way involves the concept of ministerial discretion which we were, perhaps not very skilfully, trying to impart by reference into this bill. The concept of ministerial discretion is found in section 138 (a) (2) of the Income Tax Act in which the Minister is given power to hold that certain corporations may be associated even though they do not fall within section 39 (4). If they are not deemed to be associated by the plain meaning of section 39 (4), then the Minister has a discretion under section 138 (a) to hold them to be associated. There is no discretion, as I see the Income Tax Act, in relation to what is “arm’s length”. The definition of “firms deal-

ing with each other at arm’s length” for those that are not related, is a question of fact; for those that are related, they are held by the act not to be dealing with each other at arm’s length.

The draftsmen will look at this section again, Mr. Chairman, and after the draftsmen have looked at it again if we conclude that it is desirable to bring another draft forward at an appropriate time, I think we want to be sure that if there is any association or relationship between the importer and the exporter or they are not dealing with each other at arm’s length in any other way, that all those are deemed to be associated in the sense that the word is used in the Code. The Code implies that if there is any kind of relationship between the importer and the exporter, then it is appropriate for the authorities concerned to look through the export price and satisfy themselves on what the real export price is rather than the stated export price. It is also clear in the Code that if there is any other kind of compensatory arrangement beyond the invoice price, then that should bring the invoice price, therefore, the export price, also into question. It would seem to me appropriate to follow the concept of the Income Tax Act that for those persons who are not related, the question of whether they are dealing at arm’s length should be a question of fact.

I do speak subject to further advice from the people dealing with the Income Tax Act, but, I think, the term “association” or “associated” in this section has given rise to some confusion. I merely wish at this point to make these comments so they can appear in the proceedings and then possibly in the light of that comment we can revert to it at a later time, if that is the wish of the Committee, Mr. Chairman.

**The Chairman:** Gentlemen, is it your intention to sit until 6 o’clock? Unless there are other questions of Mr. Grey regarding his report, we will start article by article consideration. I am at your disposal, gentlemen.

**Mr. Hales:** Mr. Chairman, we have been here since 3:30 and I think we have done pretty well. If we start the article by article consideration at our next meeting, it might be in order.



**The Chairman:** Is that agreeable with you, gentlemen?

**Mr. Gray:** I support Mr. Hales' suggestion.

**The Chairman:** May I ask you a question, Mr. Hales? Did I give you the impression that your Chairman did not like comments but only questions?

**Mr. Hales:** You are a man after my own heart.

**The Chairman:** Because I do not think I should try to stop a member from making a comment before asking his questions.

**Mr. Hales:** No, I agree with you, sir.

**The Chairman:** Thank you.

## APPENDIX B

Language agreed to in conference as a substitute for title 2 of the Senate version of HR 17324 concerning the International Anti-dumping Code

## Text

## Section 201 (a)

Nothing contained in the International Anti-dumping Code shall be construed to restrict the discretion of the U.S. Tariff Commission in performing its duties and functions under the Anti-dumping Act, and in performing their duties and functions under such Act the Secretary of the Treasury and the Tariff Commission shall (1) resolve any conflict between the International Anti-dumping Code and the Anti-dumping Act of 1921 in favour of the Act as applied by the agency administering the Act; and (2) take into account the provisions of the International Anti-dumping Code signed at Geneva on June 30, 1967 only insofar as they are consistent with the Anti-dumping Act as applied by agency administering the Act.

## Section 201 (b)

No later than August 1, 1969 the President shall submit to the House of Representatives and United States Senate a report for the period beginning on July 1, 1968 and ending on June 30, 1969 which shall (1) set out the text of all determinations made by the Secretary of the Treasury and the United States Tariff Commission under the Anti-dumping Act of 1921 in such period; (2) analyze with respect to each determination in such period the manner in which the Anti-dumping Act of 1921 has been administered to take into account the provisions of the International Anti-dumping Code; (3) summarize Anti-dumping action taken by other countries in such period against U.S. exports and relate such actions to the provisions of the International Anti-dumping Code; and (4) include such recommendations as the President determines appropriate concerning the administration of the Anti-dumping Act of 1921.

## APPENDIX C

## Ad Article VI

## Paragraph 1

1. Hidden dumping by associated houses (that is, the sale by an importer at a price below that corresponding to the price invoiced by an exporter with whom the importer is associated, and also below the price in the exporting country) constitutes a form of price dumping with respect to which the margin of dumping may be calculated on the basis of the price at which the goods are resold by the importer.

2. It is recognized that, in the case of imports from a country which has a complete or substantially complete monopoly of its trade and where all domestic prices are fixed by the State, special difficulties may exist in determining price comparability for the purposes of paragraph 1, and in such cases importing contracting parties may find it necessary to take into account the possibility that a strict comparison with domestic prices in such a country may not always be appropriate.

## Paragraphs 2 and 3

Note 1. As in many other cases in customs administration, a contracting party may require reasonable security (bond or cash deposit) for the payment of anti-dumping or countervailing duty pending final determination of the facts in any case of suspected dumping or subsidization.

Note 2. Multiple currency practices can in certain circumstances constitute a subsidy to exports which may be met by countervailing duties under paragraph 3 or can constitute a form of dumping by means of a partial depreciation of a country's currency which may be met by action under paragraph 2. By "multiple currency practices" is meant practices by governments or sanctioned by governments.

## Paragraph 6(b)

Waivers under the provisions of this subparagraph shall be granted only on application by the contracting party proposing to levy an anti-dumping or countervailing duty, as the case may be.

HOUSE OF COMMONS

First Session—Twenty-eighth Parliament  
1968

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STANDING COMMITTEE

ON

FINANCE, TRADE AND ECONOMIC AFFAIRS

*Chairman:* Mr. GASTON CLERMONT

---

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 4

---

THURSDAY, OCTOBER 31, 1968

---

*Respecting*

WHITE PAPER ON ANTI-DUMPING

---

*Including*

APPENDIX D

Proposed Draft Regulations Relating to Sections 9 and 10  
of the Draft Anti-Dumping Bill

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WITNESS:

Mr. R. Y. Grey, Assistant Deputy Minister, Department of Finance.

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STANDING COMMITTEE ON  
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*Vice-Chairman:* Mr. Alistair Gillespie

and Messrs:

Blair,  
Burton,  
Comtois,  
Danson,  
Downey,  
Émard,

Flemming,  
Gauthier,  
Givens,  
Gray,  
Hales,  
Harkness,

Lambert  
(Edmonton West),  
Latulippe,  
Perrault,  
Roberts,  
Saltsman,\*  
Trudel—20.

Dorothy F. Ballantine,  
*Clerk of the Committee.*

\* Replaced Mr. Gleave on October 30, 1968.

ORDER OF REFERENCE

WEDNESDAY, October 30, 1968.

*Ordered*,—That the name of Mr. Saltsman be substituted for that of Mr. Gleave on the Standing Committee on Finance, Trade and Economic Affairs.

*ATTEST*:

ALISTAIR FRASER,  
*The Clerk of the House of Commons.*





## MINUTES OF PROCEEDINGS

[Text]

THURSDAY, October 31, 1968.

(5)

The Standing Committee on Finance, Trade and Economic Affairs met at 11.10 a.m. this day, the Chairman, Mr. Clermont, presiding.

*Members present:* Messrs. Blair, Burton, Clermont, Comtois, Émard, Flemming, Gillespie, Gray, Hales, Harkness, Lambert (*Edmonton West*), Latulippe, Perrault, Saltsman, Trudel—(15)

*Also present:* Messrs. Alexander and Ritchie.

*In attendance: From the Department of Finance:* Messrs. R. Y. Grey, Assistant Deputy Minister and C. D. Arthur, International Economic Relations Division.

*Also in attendance: From the Department of National Revenue:* Messrs. A. R. Hind, Assistant Deputy Minister; M. T. Keam, Director, Customs Appraisal Division; H. D. MacDermid, Chief, Valuation Section; *From the Department of Industry:* V. R. St. Louis, Commercial Policy Division; *From the Department of Trade and Commerce:* C. J. Kelly, Office of Area Relations.

The Committee resumed consideration of the White Paper on Anti-Dumping.

Mr. Grey tabled the proposed draft regulations relating to Sections 9 and 10 of the draft anti-dumping bill and made a brief statement.

On motion of Mr. Lambert, seconded by Mr. Blair, the proposed draft regulations are attached hereto as *Appendix D*.

Copies of the proposed draft regulations were distributed to the members and to interested parties from other government departments and representatives of organizations or firms who will be presenting briefs.

Mr. Comtois, on a point of order, noted that the draft regulations were tabled in English only and following discussion on the point of order it was agreed that the Proceedings of this Committee should be published bilingually in English and French in the same manner as those of the Standing Committee on Broadcasting, Films and Assistance to the Arts.

It was also agreed that all documents tabled before the Committee be in both the official languages.

After general questioning, the Committee proceeded to clause by clause study of the proposed draft bill contained in the White Paper, and Mr. Grey was questioned.

The Chairman announced that the Co-ordinating Committee has assigned the following times of meeting for this Committee for next week: Monday,

November 4th at 8.00 p.m.; Tuesday, November 5th at 3.30 p.m. and Thursday, November 7th at 11.00 a.m. and 3.30 p.m.

At 1.10 p.m. the Committee adjourned until Monday, November 4th at 8.00 p.m. at which time the witness will again be Mr. Grey.

Dorothy F. Ballantine,  
*Clerk of the Committee.*

## EVIDENCE

(Recorded by Electronic Apparatus)

Thursday, October 31, 1968

• 1114

**The Chairman:** Gentlemen I will call the meeting to order.

Last Tuesday when your Committee adjourned it was decided that this morning we would consider the Draft Canadian Anti-dumping Act clause by clause. Before doing so, I will ask Mr. Grey, as was understood at last Tuesday's meeting, to present the regulations to this Committee.

**Mr. R. Y. Grey (Assistant Deputy Minister, Department of Finance):** Mr. Chairman, with your permission I would like to make a short statement about these proposed draft regulations relating clauses 9 and 10 of the proposed bill.

The officials concerned are involved in a fairly detailed study of the procedures and the allowances, in the sense of clause 9, that are granted under the legislation of our major trading partners because it has been our view that it would not be expedient for Canada to be, shall we say, more liberal or more generous than are our trading partners in their practice under the Code. I should also mention, sir, that primarily because of the difficulties of timing it has not been possible for the Minister of Finance to see these draft regulations and, therefore, they have no status. They only carry the judgment of the draftsmen concerned.

• 1115

What we have in these regulations is essentially a scheme which, in the view of the draftsmen, will serve as a basis for the officials of the Department of National Revenue to use in the calculation of the allowances that may be taken into account to achieve comparability between the normal value of the goods in the exporter's home market and the exporter's sale price to the importer in Canada under clauses 9 and 10 of the draft bill.

I would like to make clear, Mr. Chairman, that the document that I can make available to the Committee contains the regulations

about the allowances for normal value under clause 9 and the key regulation under clause 10. I am of the view that these are the regulations that are necessary for people such as the Steel Co. of Canada Ltd. to understand the import of this bill. The other regulations, not that they are unimportant but they do not go to the substance of the bill as these particular regulations do, are the ones on which we have been concentrating so far.

Clauses 9 and 10 of the draft bill set out the criteria or the rules to be followed in the determination of normal value and export price. They, therefore, outline the conditions under which goods can be held to be dumped into Canada and the basis in law for the measurement of the margin of dumping, that is, the measurement of the difference between what is calculated to be the normal value and what is found to be the export price. These proposed regulations should enable companies to make an assessment of the effect of the proposed anti-dumping legislation on their particular operation both as importers or as producers.

Mr. Chairman, at the last meeting of the Committee several of your members expressed concern regarding the calculation or determination of normal value under the proposed legislation in respect of brand name products. These products generally fall into two categories. Under the present Customs Act they are dealt with under the provisions of section 36 (2) (c) and (d) which will be found on pages 31 and 32 of the White Paper. It is now the view of the draftsmen that in the case of those brand name products the import of which is referred to under section 36 (2) (c) of the Customs Act that it will be possible to provide appropriate guidance to officials of the Department of National Revenue—an appropriate guidance in legislative terms—to determine the normal value of such imports by regulation. A notation to this effect in square brackets will be found in these draft regulations. We have not actually drafted it, but on this piece of paper it is indicated that the import of this present regulation should appear at a certain place in this scheme of regulations.



In the case of those brand name products which are now dealt with under section 36 (2) (d) which is on page 32 of the White Paper, it is the view of the draftsmen that a clause will have to be added to the draft bill to give proper legislative authority and guidance on how the normal value of such goods is to be determined.

• 1120

Mr. Chairman, at an appropriate time we will make available the text of a proposed amendment to the draft bill for consideration by the Committee along with other proposed changes. I should explain, Mr. Chairman, that the difficulty the draftsmen faced when they started drafting the bill was to be sure that they had provided properly in the bill for the authority to deal with all the wide variety of transactions which do, in fact, take place. It was only yesterday morning that we concluded that we had, in fact, made an error and had left out a necessary clause in the bill and there was no authority in the bill to make by regulation what is now covered in section 36 (2) (d) of the Customs Act. It was also the view of the draftsmen that the definition of "sufficient number of sales" as set out in section 11 of the draft regulations—this paper that I will circulate and make available to the Committee—is not appropriate when applied to clause 9(2) of the draft bill and the draftsmen now are considering whether to define, "sufficient number of sales", for purposes of this clause by regulation or by an amendment to the draft bill. Mr. Chairman it will be seen that in the draft regulations we have made provisions for such a definition under section 12. Finally, Mr. Chairman I should mention that we have not provided draft regulations to cover the cost of production provided for in section 9, subsection 3, paragraph (b) because this does not appear to us to be a particularly difficult concept. It is one that is already well known under the Customs Act. It is our view that the regulations when drafted will obviously take account of what is good and normal business practice and that such regulations do not have any significant bearing on the understanding of the impact of this legislative scheme.

Mr. Chairman I can make available now copies for you of what is called the Proposed Draft Regulations Relating to Sections 9 and 10 of Draft Anti-Dumping Bill.

**The Chairman:** Gentlemen, are there any comments on Mr. Grey's statement regarding the regulations?

**Mr. Alexander:** Mr. Chairman, I would just like to say I am very pleased with the speed that Mr. Grey has made these regulations available, because I do believe that those who wish to submit briefs on this anti-dumping Bill will, of course, now have an opportunity of really presenting more thorough briefs. I just wanted to express my appreciation for the consideration shown to the Committee, and in particular me, after my repeated requests. I just wanted to say thank you for that.

**Mr. Hales:** Under the heading of...

**Mr. Blair:** I wonder if the draft regulations could be circulated.

**The Chairman:** Yes, just a moment Mr. Hales. I will accept a motion from the members that the regulations be printed as an appendix to today's proceedings. I will distribute the regulations amongst the members and the press.

(See Minutes of Proceedings)

[Interpretation]

**Mr. Émard:** Mr. Chairman...

**The Chairman:** Yes, Mr. Émard.

**Mr. Émard:** Has anybody been invited to present briefs?

**The Chairman:** Mr. Émard, as decided by your sub-committee a press release was issued last week informing those who are interested to present briefs, the deadline being November 12, at noon. Your Committee no doubt will not keep strictly to that date. Briefs coming in on the 13th or the 14th will be accepted I suppose.

**Mr. Émard:** Have any been received so far?

**The Chairman:** Our clerk, Miss Ballantyne, has received some mail. I do not know if she has received any briefs. I received a telephone call yesterday from a company telling me that they were submitting their brief to the Committee on November 12. It will then be the responsibility of the sub-committee on procedure to decide.

[English]

Yes, Mr. Hales?

**Mr. Hales:** Mr. Chairman, under the heading of general statement, I wonder if Mr. Grey is in a position to say whether or not he could fulfill a request I made at the last meet-

ing to have published some examples similar to those in the United States White Paper on Antidumping Regulations, for the use of the Committee and also for manufacturers. I wonder if Mr. Grey has given this further thought?

**Mr. Grey:** Mr. Chairman, I have given this further thought, but there are two difficulties. The question of determining normal value would be the question in law, and I am not sure that it would be appropriate to try to explain this in purely hypothetical terms. In the long run that can be misleading, I am not quite sure what the status of such an explanation would be.

Second, the United States probably disposes of about 20 times as many customs experts as we have available. Therefore they are able to devote a great many more resources to the careful setting out of an example. In terms of our priorities I have thought, Mr. Hales, that it was more important that we draft the regulations. Unless I am instructed by the Committee I would really prefer not to try and devise hypothetical examples of what will be matters to be decided by the courts, if the judgment of the Department of National Revenue is not accepted in a particular case. I do have real reservations as to whether that would be an appropriate procedure. Thank you Mr. Chairman.

**Mr. Hales:** Mr. Chairman, I do not know what the wish of the Committee would be on this matter, but I would think with an introductory paragraph setting out the reasons these examples must be considered as hypothetical, etcetera, they would be most useful I am sure, to the Committee and to manufacturers. However, I will leave that with the Committee and with you Mr. Chairman.

**The Chairman:** Have you any other comments on this subject gentlemen? May I make a suggestion to Mr. Hales that his question be left till we go through the proposed draft bill item by item?

**Mr. Perrault:** Mr. Chairman, in looking over the contents of this Federal Register, this United States document, Volume 33, No. 107, I noted with interest as well the examples which have been cited at the end of that document. I think it makes it far easier for members of the Committee to have examples of this kind. I would certainly think I am in accord with you, that it would be most helpful to members of the Committee, some of whom are not experienced in the technicali-

ties of this matter of anti-dumping, to have some examples drawn up for perusal by Committee members. I think this is one of the more helpful aspects of this American document.

[Interpretation]

**The Chairman:** Mr. Émard, I am told a number of groups intend to submit briefs but that we have not received any to date.

[English]

Have you any other comments gentlemen? Yes, Mr. Saltzman.

**Mr. Saltzman:** Mr. Chairman I have a question I would like to ask.

**The Chairman:** On what subject?

**Mr. Saltzman:** ...specifically on the points that have been raised up till now.

**The Chairman:** On the regulations or what?

**Mr. Saltzman:** No, dealing just with some general aspects of dumping legislation.

**The Chairman:** Can these questions be directed when we have item by item consideration, Mr. Saltzman, or do you prefer to ask them in a general way?

**Mr. Saltzman:** I would like to ask it in a general way. I could perhaps wait until later, though.

**The Chairman:** If you prefer to ask your question now, I, personally, do not have any objections.

• 1130

**Mr. Saltzman:** I would like to ask Mr. Grey a question that has been bothering me; it does not refer to anything specifically in this legislation, but it might have an element of dumping in it. It is a rather complex problem. During the examination of selling expenses in the drug industry, when the Committee met on that a number of years ago, suggestions were made, although no recommendations were made on this, that some limit on the amount of advertising expenditure allowed for tax purposes might be considered in the sale of drugs. There was an indication that 30 per cent, I believe, was used for sales purposes and some suggestion was made that it might be cut to 15 per cent. In view of the overflow effect of American advertising if such a limit were placed in Canada, if our tax legislation were different from that of the



United States, where full allowance is granted, there would be an element of subsidization in these products coming across the border based on the American advertising hitting Canadian consumers because the tax allowance would work to the disadvantage of Canadian manufacturers.

The question I would like to ask you is this. If such an event took place, that we decided to place certain limits on advertising expenditure, what could be done to avoid the kind of situation that might arise where they could spend all the advertising they want, have it completely tax deductible in the United States, and bring it into Canada where it was not completely tax deductible. Would there be some element of dumping involved or some element of subsidization that we could take into account under this legislation? I realize it is a rather complex question and perhaps I have not expressed it as clearly as I would like to I would be pleased to clear it up if you want me to.

**Mr. R. Y. Grey:** Mr. Chairman, answering Mr. Saltsman's inquiry in a general way it would be my view, and this is not a legal opinion of course, that if an importer brings in a product and the import price, let us say, is \$100 but his advertising is provided free of charge or, alternatively, by the exporter, which is the sort of case I think that you were describing, though I have stated it in more abstract terms, or if he advertises in Canada the imported product and the advertising is paid for by the exporter, that that might be held in law to be:

... a compensatory arrangement affecting the price of the goods made between any two or more of the following...

and so on. This is on page 54. That raises the question then whether the export price is really the export price.

**Mr. Saltsman:** I see.

**Mr. R. Y. Grey:** I would have thought, and again this is not a legal opinion, that in failing to make clear that aspect—that transaction, because it does affect the import price of the goods in a real sense—meaningful commercial sense, the Department of National Revenue might hold this to be providing false information, or very close to fraud. It raises then the question of the enforcement provisions in this draft legislation. But the example you have raised is only one of a rather general and important class of possible techniques of evasion.

**Mr. Saltsman:** Therefore, in your opinion it would be possible to levy a dumping duty in instances of this type. In other words, a determination could be made of the element of subsidization for dumping duty purposes.

**Mr. R. Y. Grey:** Mr. Chairman, if it were determined by the competent authorities that that was a subsidy. And I point out that Section 6(a) of the Customs Tariff provides the authority to put on a duty when goods are held by the Governor in Council to be subsidized. That is outside this Act but that power exists—it is Section 6(a) of the Customs Tariff. On the other hand, that sort of arrangement might be held to be a compensatory arrangement, which means that the export price would be found to be something different than the stated export price. Therefore, there might be found to be a margin of dumping where on the face of the documents none had appeared to exist before.

• 1135

**Mr. Saltsman:** Now can this calculation be made on the basis of different tax attitudes between two countries. For instance, if one country takes the position of enabling a certain thing to be deductible for income tax purposes as a form of subsidy and they wish to reduce that degree of subsidization and other countries have not taken this position, can you make a decision based on these differences in tax legislation?

**Mr. R. Y. Grey:** Well, Mr. Chairman, a sort of amateur legal answer would be that Section 6(a) of the Customs Tariff provides authority for the levying of a countervailing duty—not an anti-dumping duty but a countervailing duty, where the Governor in Council finds that a subsidy has been paid, but that is a very broad power and it is completely discretionary, as is the practice in most other jurisdictions. Whether it would be appropriate to find that such difference in tax policy constituted a subsidy really requires an examination of the extent to which our tax system may have the same sort of impact on Canadian exports. I think I would want to make a pretty close study of that before giving any kind of an answer.

**Mr. Lambert:** Mr. Chairman, may I raise a question here. Do I understand from the question put by Mr. Saltsman and the answer given by Mr. Grey that types of expenses in the ordinary course of business such as advertising, other business expenses, transportation, or depreciation—there is one par-



tical area where you do get considerable difference in tax policy—are a form of subsidy for the production of commodities?

**Mr. R. Y. Grey:** Mr. Chairman, I did not express my view as to whether they were a subsidy. I merely drew the Committee's attention to the fact that Section 6(a) of the Customs Tariff enables the Governor in Council really to deem that a subsidy has been paid. In the terms in which it was passed by Parliament it gave a very broad discretionary power because it is a fact that many effective subsidies are paid rather indirectly at an early stage in production or in such a way that they are not always easy to identify but they are perfectly real in their impact on world trade. Section 6(a) of the Customs Tariff goes very far in giving the Governor in Council power. I did not express a view as to what was a subsidy though.

**The Chairman:** Are you through Mr. Saltsman?

**Mr. Saltsman:** Yes, thank you.

[Interpretation]

**The Chairman:** Mr. Comtois.

**Mr. Comtois:** Mr. Chairman, I would like to make an observation concerning the regulations which we were handed a moment ago. I notice that they are in English only. It is rather difficult for half the members of the Committee who are French-speaking to match this with the White Paper. The White Paper is in both languages and in the future, I would like all documents that are distributed to be in both languages. We have the same problem with our debates. The French version comes in three or four weeks later. In the past, Mr. Chairman, you were among those who complained about this state of things. The Committee should make a special effort to rectify this situation. I wanted to raise this point because we are likely to receive many documents and I would like them to be both in French and in English.

**The Chairman:** Thank you for your observations, Mr. Comtois, and especially for mentioning that I was one of those who complained about this in the past and that I would have done so today had I been in your place.

[English]

**Mr. R. Y. Grey:** Mr. Chairman, I hope a proper French text will be available to the members of the Committee not later than Monday next. It will be appreciated that the

preparation of this in French is not a matter that the interpreter of ordinary ability can achieve.

**The Chairman:** I think, Mr. Grey, as suggested, and I am sure it meets the approval of the full membership, that any document that is presented before this Committee should be presented in English and in French at the same time.

• 1140

**Some hon. Members:** Agreed.

**The Chairman:** Again, I will ask our Clerk to see that we have our reports and proceedings in English and in French as soon as possible. I know we have the same trouble every year, but I think it was agreed that in one Committee today they would accept the English and the French without translation. Could that be accepted by this Committee?

**Mr. Harkness:** I do not think that would be appropriate as far as a document of this kind is concerned. As far as the evidence given is concerned, this is perfectly all right, but when it comes to a document of this kind, as Mr. Grey has pointed out, it is a matter of considerable difficulty to get a translation which is accurate and I do not think anything along that line would apply.

**The Chairman:** I agree with you, Mr. Harkness, but what I had in mind was the day-to-day proceedings. The evidence is printed together with the interpretation before it has been officially translated. I know one committee is trying this method and I wondered if your Committee would like to try the same method.

**An hon. Member:** I do not see any reason why not.

**Mr. Harkness:** I do not know if the interpretation which is made as we speak is accurate. If it is reasonably good I would be quite prepared to accept this, but as I said, I just do not know.

**The Chairman:** I think the best thing for us to do is to try it for a week or two—at least a week—and then we can judge the results.

**Mr. Harkness:** That is perfectly satisfactory to me.

[Interpretation]

**The Chairman:** Mr. Emard.

**Mr. Emard:** Perhaps you could inform certain officials of the translation bureau that if

we didn't spend so much time on prestigious Committee, more time would be left for the others.

**The Chairman:** I don't know what you mean by prestigious Committees. I've been told though that the Committee of which you are a member, must have priority because of the deadline set to study this White Paper. All the subjects to be studied by the Committee are very important.

**Mr. Emard:** For your information, Mr. Chairman, by prestigious and "glamorous" Committees I mean, for example, the Committee on Broadcasting and the External Affairs Committee, among others.

**The Chairman:** You will admit, Mr. Emard, that it is rather difficult for the Chairman of the Committee to tell newspaper men what to write in their papers.

**Mr. Comtois:** We are discussing Committees, Mr. Chairman.

**The Chairman:** Yes.

[English]

**Mr. Perrault:** Mr. Chairman, may I ask whether or not the other standing committees have a similar delay in getting their deliberations translated into French?

**The Chairman:** Yes, sir.

**Mr. Perrault:** Are we on a full level of equality in this regard?

**The Chairman:** Yes, sir. There is no discrimination against your Committee on that basis, Mr. Perrault.

Gentlemen, are there any other questions?

**Mr. Blair:** Mr. Chairman, I am not addressing myself to a question of committee procedure, but I wondered if I could just clarify one aspect of the regulations by a question to Mr. Grey. I may not have fully understood his explanation. My question really follows from Mr. Saltzman's question.

Under clause 10(2) of the proposed bill, the Deputy Minister has power to investigate what is called "compensatory arrangements" between exporters and importers and I notice, Mr. Grey, that these are not dealt with specifically in section 13 of the proposed regulations. Am I right in thinking that they are the type of items you considered were not the subject for regulations, but for ministerial determination?

• 1145

**Mr. R. Y. Grey:** Mr. Chairman, under subclause (2) on page 54 there are two categories, first, where there is no sale price or importer's purchase price. That would be in the case of consignment shipping. I take it that that is a matter of fact, a question of fact. The second one is a category when the Deputy Minister is of the opinion and the rest of the subclause says what the exporter's price shall be when he is of that opinion.

**Mr. Blair:** But it would be under this particular clause Mr. Grey, where compensatory advertising allowances could be dealt with and, although the question posed by Mr. Saltzman of "slop over" from American advertising is difficult, I suppose it might fall to be considered under this particular subclause as well.

**Mr. R. Y. Grey:** Mr. Chairman, I take it that Mr. Blair understands this side relates to whether the export price, that is, the price presented on the face of the document, really is the export price or whether there is some other transaction which does not relate to normal value. There is no call here for regulations. That may be a mistake.

My mind boggles at the prospect of setting out a regulation which would provide for special rules of procedure to identify and take appropriate action with respect to all the multitude of compensatory arrangements which can be devised by traders which would, in effect, affect the validity of the stated export price.

**Mr. Blair:** I must say, Mr. Grey, that I fully appreciate your position. I did not ask the question to urge that this matter be covered by regulation, but simply to identify the place where it would be dealt with under the statute.

**The Chairman:** Are we ready now, gentlemen, to consider the proposed draft bill, clause by clause?

**An hon. Member:** Yes, go ahead.

**The Chairman:** No doubt you will indicate if you have any questions.

On clause 1—*Short Title*

(See *Minutes of Proceedings*)

On clause 2—*Interpretation*

**Mr. Lambert:** Yes, on subclause 2 on page 42, this comes back to the point I was making



yesterday, I think maybe *mise au point* by Mr. Grey yesterday afternoon. I left the Committee and I ascertained from the Department of National Revenue, Taxation Division, that there are no regulations under the Income Tax Act dealing with the definition of "associated persons" or companies and that this is handled right in the statute.

It is the purpose in this Bill, as one can see, to import into the interpretation of this Bill the meaning given to "associated persons" under the Income Tax Act. I objected to this and indicated my reasons for it on Tuesday morning. May I add one further reason, that there is being imported into a statute dealing with the importation of goods and the imposition of duties or what have you by the Department of National Revenue and the tariff provision of the Department of Finance, an interpretation under an entirely different statute controlled by the Taxation Division of the Department of National Revenue, in other words, a third body, and a statute that is designed philosophically for an entirely different purpose.

• 1150

I would suggest, Mr. Chairman, that this is the wrong way to proceed. I would come back to what I said earlier that if it is felt to be too difficult to define "associated persons" within the statute that it can be done within the regulations and while section 138 gives ministerial discretion to the Minister of National Revenue to, shall we say, have a general basket in which he can sweep anyone on his own discretion, I object to that discretion as well under this Bill. I would prefer to see the regulations dealing with "associated persons" under this Bill examined by the Committee on delegated legislation.

**An hon. Member:** Mr. Chairman...

**The Chairman:** Just a moment. I will give Mr. Grey a chance to reply if he wishes, and then I will give you the floor after Mr. Blair.

**Mr. R. Y. Grey:** Mr. Chairman, I think I attempted—perhaps in a rather confused way—at the last meeting, at which Mr. Lambert was not present, to deal with this point. He has now stated his view more clearly or perhaps more emphatically than previously. If he were right I would agree with him.

This section is not very well drafted and I agree with that point. It is not the purpose of this clause to import into this proposed Bill the concept of "associated persons" in the

Income Tax Act which if I am right I think are found in Sections 39 and 138(a) of the Income Tax Act. This is a reference to Section 139, (5) and (5)(a), which defines arm's length. The reason I said that this was badly drafted is that it uses the term "associated persons". That happens to be the term used in the Code and that is where it came from. It is not, however, a reference—and I think this is clear from the draft—to the concept of "associated persons" in the Income Tax Act, and I do not think that it is the right of the Minister of National Revenue to say that certain corporations which are not bound by Section 39(a) are nonetheless associated. That is not imported here. What is imported is the truly legal concept of arm's length found in Section 39, (5) and (5)(a).

It may be Mr. Chairman, that it would have been more appropriate to have reproduced the whole concept of arm's length, as set out in that section of the Income Tax Act, directly here rather than by reference. Mr. Lambert made the point that some draftsmen say it is objectionable to use this reference technique. It only has the advantage, possibly, of brevity. I have asked for legal advice on whether the concept of arm's length in Section 139(5) and (5)(a) in fact also covers corporations that would be associated under Section 39 (a), because I believe they should also be included for these purposes and I await with some interest the opinion that I have asked for on that point. As I read Section 139, (5) and (5)(a) it deals only with arm's length and on the face of it it appears to catch all the sort of known arm's length—used in the layman's sense—transactions which are likely to occur in importing.

**Mr. Lambert:** My comment on that, Mr. Chairman, is that the possibility of amendment to the Income Tax Act for purposes that are not related to this Act at all import into this Act certain meanings which are not meant to be had under this Act and this is one of the particular reasons that I feel this is the least happy way of proceeding.

• 1155

**The Chairman:** Mr. Blair.

**Mr. Blair:** I share Mr. Lambert's concern and I realize that Mr. Grey has the same concern about the clarity of the section and I would like to make one or two observations.

My first observation is that this statute is addressed to the commercial community of Canada in the same way that the sections in



the Income Tax Act are addressed, and I should think that just as a matter of procedure we should strive to have the same concepts of non-arm's length transactions in this Code as there are in the Income Tax Act in order to give the public greater assurance and confidence in dealing with their legal responsibilities. However, I would like to reserve my opinion on this until I have had a chance to look at the Income Tax Act in greater detail, because it is extremely important for the proper enforcement of this statute that the Department have complete authority to look through various intercorporate arrangements in order to ensure that parties not dealing at arm's length are not enabled to bring in goods at a depreciated value. Perhaps, Mr. Chairman, in view of the fact that Mr. Grey has said that the Department is considering a revision of this particular clause, it might well be left for further consideration.

**Mr. R. Y. Grey:** I wonder if I could say, Mr. Chairman, that one obvious improvement would have been to have said "at arm's length within the meaning" and then have identified the sections in the Income Tax Act. I think this would have made it clear that we did not intend to convey the impressions that the discretionary power of the Minister found in section 138 (a) was included. My advice, Mr. Lambert, is that it is not included in this draft, but I must also admit that that is not at all clear on a quick reading.

**Mr. Lambert:** I see. I agree with Mr. Blair and I think we had better let this stand.

**Mr. Blair:** Mr. Chairman, I hope that I did not hear Mr. Lambert incorrectly when he suggested that an important matter like this might be handled by regulations rather than in the statute.

**Mr. Lambert:** I am sorry, I missed that shaft!

**The Chairman:** Is it your suggestion, Mr. Blair and Mr. Lambert, that we stand clause (2) (a)?

**Mr. Lambert:** We will stand the whole interpretation section and then we can come back to it.

**The Chairman:** Is that agreeable to you gentlemen?

**Some hon. Members:** Yes.

**The Chairman:** We will now go to page 44.

**Mr. Harkness:** Mr. Chairman, before you proceed with that, this definition of "like goods" which first appears on page 40, and I am reading from the top of page 42, states:

(i) goods that are identical in all respects to the said goods, or

(ii) in the absence of any goods described in subparagraph (i), goods the characteristics of which closely resemble those of the said goods;

Is this type of definition going to be sufficient to deal with in particular, we will say, chemical products? As I understand it, you have a large number of cases of goods which are not identical although they might come under subclause (ii), "...the characteristics of which closely resemble..." but at the same time while the characteristics may closely resemble other goods, these goods may be for quite different purposes.

**Mr. R. Y. Grey:** Mr. Chairman, in the negotiation of the Code, from which this definition is taken, we carefully avoided the use of any such modifying phrases as "the characteristics of which in use" or "the physical characteristics of which" or "the chemical characteristics of which". We deliberately left this as a matter to evolve in practice. All those suggestions—from which this definition is taken—were at one time considered by the draftsmen of the Code and precisely the problem Mr. Harkness has raised was raised in that discussion. We therefore struck out at the end of the negotiation phrases such as "physical characteristics" and "characteristics in use" because it raises precisely this sort of difficulty. I think the answer is that this definition is broad enough to enable the Department of National Revenue to look at dumping in the sort of situation you described, sir.

• 1200

**Mr. Harkness:** Can you give us any examples of the kind which were brought up when this was being discussed which led to the demand that there should be some definition as to the end-use, other physical use or anything else along that line?

**Mr. R. Y. Grey:** Mr. Chairman, no record was kept of the conduct of these negotiations. It has not been our practice to keep a record and I cannot recall the examples, except that some of us saw, fairly quickly, the intellectual difficulty of putting in the phrase "characteristics in use". At the end we decided to keep it as broad as this definition is.

**Mr. Harkness:** But this is the definition if it is strictly applied. In other words, "the characteristics of which closely resemble those of the said goods", could present considerable difficulty.

**Mr. R. Y. Grey:** Mr. Chairman, the point is that the narrower that second part of the definition is made, the more difficult it will be to consider the impact of dumping on a given product on a market or on production in Canada, assuming that we do not produce every product in the narrowest sense. But the dumping may well have an impact on the production of Canadian goods which are not identical and to the extent that the narrower the second part is made, the more the possibility is open that there will be injurious dumping which is not actionable. It was our view that this phrase, "the characteristics of which closely resemble" is very broad indeed. It was the view of the legal draftsmen who worked on the drafting of the Code and subsequently on this legislation that it really would be very difficult to have a phrase that would be broader and still meaningful.

**Mr. Lambert:** I suppose perhaps something that is analogous to what Mr. Harkness just said is in the building materials, where, for instance, as in aggregates or in certain types of material for certain purposes, you will get a variety of materials which will serve the same purpose. The problem arises in the sales tax field, or did when there were exemptions under the building materials, Schedule III of the Excise Tax Act. You could get a building material imported from some other country under, shall we say, dumped conditions which would completely destroy the market for Canadian goods, which could serve the same purpose, but is not identical in composition. One might be a gypsum product, the other might be a clay product and that sort of thing.

**Mr. R. Y. Grey:** Mr. Chairman, it was because there are such situations in real life that this second part was drafted so broadly.

**Mr. Lambert:** I see.

**Mr. R. Y. Grey:** I think if I am not mistaken there is something similar in the United States.

**Mr. Lambert:** In your view would it cover these cases?

**Mr. R. Y. Grey:** Yes, sir.

**Mr. Gillespie:** I want to ask a question in respect to subclause (2) (b), Date of entry, and the meaning of the word "perfected".

(b) the date of entry of any goods shall be deemed to be the date on which (i) entry of the goods has been perfected for purposes of the Customs Act,

What is the significance of this word "perfected"? What is its meaning?

• 1205

**Mr. R. Y. Grey:** Mr. Chairman, as to its meaning under the Customs Act, I think that is a technical question that should be addressed to an officer of the Department of National Revenue who are available here, but to answer your question in a rather general way, if it were possible to go back and levy an anti-dumping duty, say, for two years after one has discovered that an injurious dumping transaction has taken place, but because of the way the documents were presented, the fact that it was dumping had not been entirely clear, if one had the right to reopen such things as is now the case, one would not need to be concerned about the date of entry. However, as soon as limitations are accepted on the right of a government to go back and levy a dumping duty retroactively, the question which arises is, when were those goods imported? When they were released physically from customs surveillance, because it is the normal practice in Canada, as in other countries, often to release goods before the documentation is entirely completed. This is necessary. This sort of practice has developed in order to facilitate legitimate trade. It should not be possible to use that sort of flexible customs administration to evade a liability for anti-dumping duty, that is, to simply fail to provide the information and, therefore, make it impossible for the authorities to detect if dumping has taken place because of the limitation which is in the Code on the right to go back retroactively. So there are provisions elsewhere in this Bill suggesting that if the Deputy Minister requests information and that information is not provided, subsequent entries of goods of that category from that exporter, shall not be perfected until the information is available. Clearly it should not be possible to evade an anti-dumping duty by virtue of the limitations on retroactivity, simply by failing to co-operate with the authorities in providing the appropriate information. It is necessary, therefore, to make it perfectly clear that the latest date, either the



date on which the entry is perfected, that is, all documentation has been completed to the satisfaction of the authorities concerned under the Customs Act or under this Bill, or the goods have been released from customs, whichever is the later. The need for this provision is related entirely to the limitation the government has accepted on the right to levy a duty retroactively.

**Mr. Blair:** Mr. Chairman, Mr. Harkness raised a question about the definition of the word "like" and I wonder if I could ask Mr. Grey to look at Sections 37 and 38 of the Customs Act as it is reproduced on page 33. Section 37 provides: "...where like goods were not sold for home consumption...but similar goods were sold..." Then in the first paragraph of section 38 where the value for duty cannot be determined...for the reason that like or similar goods are not sold in the country of export"... My question, Mr. Grey, is, is it the view of the administration that the word "like" as used in the Customs Act and interpreted at the present time is the same as that contemplated under the new anti-dumping code?

**Mr. R. Y. Grey:** Mr. Chairman, this is a different definition, but they are related. To put it in as short a way as possible, because of the difficulty of getting an agreement on appropriate terms in an international convention that covers a variety of different customs jurisdictions, we came up with a slightly different set of words. I think the short answer is that for the anti-dumping Bill, the word "like" throughout this Bill means "like goods" in the sense of the Customs Act now, or if such "like goods" do not exist, what are called in the Customs Act, "similar goods." Certainly Clause 2(g)(ii) says: "...characteristics of which closely resemble..." which is at least as broad as the concept of "similar". So wherever you find the word "like" in this Bill, it means "like goods" in the sense of the Customs Act or in their absence "similar goods".

• 1210

**Mr. Blair:** Thank you, Mr. Grey.

**Mr. Hales:** Concerning this date of entry, suppose the anti-dumping legislation comes into effect January 1, 1969, and a manufacturer of heavy electrical apparatus had completed a tender or accepted a contract two years ago—sometimes it takes one to two years to manufacture some of these heavy transformers and the like—does the Customs Act spell

out what the date of entry is for that heavy transformer the order for which was accepted and placed a year or two years ago?

**Mr. R. Y. Grey:** The date of entry cannot be before the goods are physically imported under this Bill. The date of entry for the purpose of the anti-dumping duty may be considerably after its physical importation because of the complexity of documentation that is required for an import of that nature. This perhaps goes beyond the question the member has asked, but this Bill is drafted in terms of the dumping taking place when the contract is entered into. Of course, the dumping duty cannot be collected until the goods are physically imported, but a conditional or potential liability can be established following the dumping taking place. This Bill is written in terms of the dumping taking place at the time the contract is made. It is quite different than in the present legislation and, if I may be allowed to say so, I think it is much more realistic.

**The Chairman:** Page 44, Part I—Liability for anti-dumping duty, Clause 3. Yes, Mr. Harkness.

On Clause 3—*Anti-dumping duty payable*

**Mr. Harkness:** How is this to be established that...

(b) has materially retarded or is materially retarding the establishment of the production in Canada of like goods,

What is the method by which this is a fact to be established?

**Mr. R. Y. Grey:** Mr. Chairman, this is entirely a matter for the Tribunal to decide, and it is contemplated that there is no appeal from the finding of the Tribunal. In the United Kingdom there is no appeal from a finding by the Board of Trade, that is, their department of trade and commerce. There is no appeal from the United States Tariff Commission. This is a question of judgment to be exercised by what is called here the anti-dumping Tribunal. They look at the facts as presented to them in public hearings. They look at the confidential information provided to them, and they should have a staff which would investigate the situation. On the basis of that, they are expected to make an order or finding, which is the end of the matter.

**Mr. Harkness:** In other words, representation would be made by a company, we will say, to the Tribunal and then it is entirely in the hands of the Tribunal to establish that



this import is retarding the establishment in Canada of production of that type of goods?

**Mr. R. Y. Grey:** Yes, sir, and "like" goods, of course, means not only goods that are identical, but goods that have characteristics closely similar. This is an example of where "like" means like or in their absence similar goods.

**The Chairman:** Mr. Gillespie.

**Mr. Gillespie:** Does this mean, Mr. Grey, that the Tribunal will develop its own rules without guidance from any other quarter? If I may add one further thought here, it seems to me this is one of the most important parts of this Bill. It, in theory, provides something new in the way of protection to those who want to start and promote Canadian industry, but we are left rather in the air, or I am at the moment, because there do not seem to be any ground rules or any basis for establishing these ground rules.

• 1215

**Mr. R. Y. Grey:** Mr. Chairman, I have not found in the legislation of any other countries that I have looked at, any criteria as to what constitutes injury or the material retardation of production or of an industry. It is certainly not the case in the United States or in the United Kingdom.

I would suppose that when the Tribunal addresses itself to a matter such as this for the first time, they will look at the jurisprudence that already exists in the United States and in the United Kingdom, and obviously people appearing before them will do the same. That is, if they are well advised they will do the same because it would be the view, I would have thought, of the United States authorities that the findings of the United States Tariff Commission on injury and all these matters have been in fact consistent with their obligation under the GATT.

We carefully avoided, in the drafting of the Code and subsequently in drafting this Bill, attempting to say what injury is because it seemed to be generally agreed by the various business interests who appeared before the so-called Glass Committee that this was the sort of matter that should be determined on its merit, on the facts, in particular cases, and that any attempt to set out criteria of a binding and legal character might really preclude giving protection to someone who was in fact injured or to someone whose potential production was in fact being materially

retarded, because it was impossible really to foresee the whole complexity, the whole variety of situations that could arise.

**Mr. Gillespie:** Does this mean that in each country the tribunals, or their equivalent in each country, will be writing the rules for that particular country? Is there wide discretion, for instance, for the Canadian Tribunal to set its own rules which may be written in such a way as to provide quite exceptional protection for an industry in Canada when other countries might take a rather more liberal view?

**Mr. R. Y. Grey:** That is in the abstract sense correct. I would have thought it would be represented to the Tribunal of any country adhering to the Code that it should not be—whichever you wish to say—more liberal, more generous, or more restrictive than is the practice of its trading partners, and a clearly highly protectionist interpretation by the Canadian anti-dumping Tribunal would be an important argumentation in front of the United States Tariff Commission when Canadian exporters are accused of dumping in the United States and of injuring American producers, or in the United Kingdom, for example. And in a certain sense jurisprudence will become internationalized because we are all operating under the same Code.

There also is, of course, international provision for an international body to meet once a year to examine how we are adhering to our obligations, and it might well be that if a Tribunal made an unreasonable, in the sense of overly restrictive, interpretation, it would be brought up in that body.

**Mr. Gillespie:** There was concern on the part of those who were negotiating this particular aspect of the Code that this might in fact open up the opportunity for protectionism, of a kind that we have not seen in international trading for some time. Surely there is a major danger that this could happen, that it could encourage protectionist sentiment in various countries for a very rigid interpretation of this, and in fact defeat the whole philosophy of the Kennedy Round itself.

**Mr. R. Y. Grey:** Mr. Chairman, I think the negotiators were all aware that a decision by one country would, in fact, become almost a precedent in the jurisprudence of the equivalent Tribunal in another country, and this would be a natural brake on overly restrictive interpretations. It would also be a brake

on overly liberal interpretations, and over time a common pattern would evolve. The Code does say how you go about looking at injury, the indices that you have to take into account. It suggests that one ought to be careful one is not attributing to dumping some injury which is arising from some other factor. But it does not say what injury is; it does not say what material is. It leaves this to be evolved in each jurisdiction, but we were all aware of the fact that once this Code came into effect producers and importers in each country would be looking at the decisions made by the Tribunal of other countries and most obviously, Canadian importers and Canadian producers will look at the existing decisions of the United States Tariff Commission.

**Mr. Gillespie:** Are you saying then that our Tribunal will delay any action until a set of precedents has been developed by the United States Tribunal and that, in fact, other countries as well will follow the same lines so that a United States decision in fact will set the tone?

**Mr. R. Y. Grey:** No, Mr. Chairman. I was drawing attention to the fact that there are in existence a very large number of decisions by the United States Tariff Commission which already provide the precedents. The second point I would make is that the tribunal is required to make its order or finding within 90 days, as is the United States Tariff Commission, once the matter is formally before it.

• 1220

**The Chairman:** Mr. Perrault.

**Mr. Saltsman:** Mr. Chairman, I have a supplementary question. It relates to the same subject matter.

**The Chairman:** I will take down your name, Mr. Saltsman.

**Mr. Perrault:** Mr. Chairman, I was similarly concerned about the wide latitude apparently which exists under section 3 for the determination of whether or not injury has been caused. I would like to ask Mr. Grey whether or not the type of tribunal we are establishing in Canada is similar to the kind of tribunal which is being established by some of the other nations. It spells out the terms and conditions of this tribunal very explicitly later on in the draft bill and suggests that there will be available to the tribunal research facilities. It also states, on page 86,

that the tribunal shall seek the advice of a panel consisting of deputy ministers before making any order or finding or before rendering any advice on any dumping reference. Is this similar to the procedure that is being established in the United States, for example, or in Great Britain?

**Mr. R. Y. Grey:** Mr. Chairman, the United States had anti-dumping legislation since 1921 and, subject to correction, they have had a tariff commission since 1921, and I think it is their view that no change needs to be made in the rules of procedure of the Tariff Commission to accommodate themselves to the Code. Given that the United States constitutional system is different than Canada the United States Tariff Commission is a somewhat different body. It is bound by the Code though as is Canada. The United States is bound by the Code as is Canada to have hearings and to allow interested parties to appear. That is in fact the sort of procedure that is now followed by the United States Tariff Commission.

In the United Kingdom there is quite a different situation. It is the responsibility of a division within the Board of Trade—that is, a government department, to deal with these matters and I believe that they will have to adopt somewhat more open procedures now because of the coming into effect of the Code. The Code itself does not require the setting up of a tribunal along the lines of the United States Tariff Commission. This proposal here is a matter of choice by the Canadian government—that the way for us to meet our obligations is to set up a separate body along the lines of the United States Tariff Commission.

**Mr. Perrault:** And then they seek the advice of deputy ministers of this panel that I see listed on page 86.

**Mr. R. Y. Grey:** Well on that point, Mr. Perrault, it was the view that there might well be a great deal of information available within the government in addition to that that would come to the attention of the tribunal through holding its hearings and through the use of its own investigative staff, that that information should be made available and that the way to do this was through some sort of group of deputy ministers or their nominees representing the departments most directly concerned. But of course the tribunal is required to do no more than seek their advice. They are not of course bound by it.



• 1225

**Mr. Perrault:** Mr. Chairman, I notice that on page 14 Article 3 of the International Convention says,

In the case of retarding the establishment of a new industry in the country of importation, convincing evidence of the forthcoming establishment of an industry must be shown, for example that the plans for a new industry have reached a fairly advanced stage, a factory is being constructed or machinery has been ordered.

It seems to me by that wording that there was some general agreement at this international meeting with respect to what the criteria should be in the respective countries signatory to the agreement. But no explicit regulations have been established yet for our tribunal.

**Mr. R. Y. Grey:** Mr. Chairman, they have the right to make their own rules of procedure.

**Mr. Perrault:** You see, the draft bill seems far more vague than the International Convention.

**The Chairman:** The projected draft bill.

**Mr. R. Y. Grey:** It is my view, Mr. Perrault, that the draft bill is not more vague. The Code has a lot of words in it but their precise meaning on this point is not that clear. On this point that you have raised it merely says that there must be convincing evidence. Now, for example, and these are merely examples and they are therefore not binding, that the plans for a new industry must have reached a "fairly advanced stage". I am not clear, and I was a negotiator, what a fairly advanced stage is. It was argued by the representatives of the developing countries that if the plan for the industry is included in, say, their five-year plan that that is a fairly advanced stage. I think that is going pretty far. And I think in a close examination of these particular provisions of the Code you will find that the meaning is more apparent than real. The section of the Code that is quite exact are the provisions on retroactivity on margin of dumping. They are much more precise. It was because countries could not agree on what really is injury and that it was a matter to be determined by several good men and proved case by case that we avoided trying to set up criteria. This is nothing more than a piece of advice here.

29148—23

**Mr. Perrault:** So that there is a lack of a body of precedents and these precedents are going to be created then in the next while.

**Mr. R. Y. Grey:** Mr. Perrault, I have already said that the United States Tariff Commission has made a number of decisions which they would regard as being in conformity with this Code even though it did not exist at the time, and I assume that the legal advisors of many Canadian importers are reading those decisions right now. They are all public of course.

**The Chairman:** Mr. Saltsman, you are next.

**Mr. Saltsman:** Mr. Chairman, I would like to ask Mr. Grey if this particular clause is really not to some extent an indication of sort of a general philosophy contained in this White Paper—the sort of moving away from a legalistic interpretation of damage to perhaps an economic determination of damage.

What strikes me about the sort of all-encompassing nature of this clause is that really the definition of material damage is going to depend to a great extent on the question of the economic conditions in the country at any given time. If a certain industry is booming and the people are dumping it is going to be very difficult for that industry to prove any damage; on the other hand, under circumstances where a particular industry is not doing well, it is going to be a lot easier to prove damage. The fact that the council is appointed by the Governor in Council would seem to indicate to me that government policy generally will be reflected through the actions of the tribunal based on the economic conditions of this country. I know that is a very broad statement and I would appreciate your comments on that.

• 1230

**Mr. R. Y. Grey:** Well, Mr. Chairman, on the first part of Mr. Saltsman's comments, I think in the general statement I made at the first meeting of this Committee I did say that the difficulty that we had got into internationally was that there was no explicit test of injury in our legislation as apparently required by Article VI of GATT. GATT merely made it clear that one should not levy an anti-dumping duty unless there was injury or threat of injury. Canadian representatives have never accepted, internationally, that our law levied an anti-dumping duty when at least there was not a threat of injury, but it was the lack of an explicit procedure. What has happened, in effect, is the major trading countries have agreed that



the problem of injury is not one that can be dealt with in the fashion that our law now deals with it, that is, by the elaboration of a very complex set of general rules which would then apply to particular cases, but rather that the technique followed in the United Kingdom and the United States should be followed that is, it should appoint several wise people, put them in a room and tell them to look into it and tell you whether or not it is injury. It is really a complete change in technique. I think you have observed that that is the case.

It is not, I think, correct to say that we have been levying anti-dumping duty when there was not a threat of injury. That has been the position that we have argued internationally. There has been an international decision to which we are now party, but it can lead to some difficult results if you try to elaborate a set of general rules and it is better on injury—on that aspect of dumping—to have a judgment made independently and have relatively open procedures. The United States has been concerned that judgments have been made in many European countries on this, but the procedures have been closed. Most of the Code, therefore, is about procedures.

On the question of whether or not there is dumping, that is a matter that can be determined by the rules of law. The Code suggests that it ought to be that way and I think we fully comply with that. But that is why there is the distinction between the judgment from which there is no appeal, except in one sense, on injury, and the much more legalistic approach to the question of dumping. There is, of course, an appeal from the tribunal and that is the right of the Governor in Council to exempt any goods from the operation of this Bill. There is no appeal in the opposite direction; there is no way to put on an anti-dumping duty if the Tribunal has not made a finding.

**Mr. Blair:** Mr. Chairman, Mr. Perrault referred to the matter that I wanted to speak about, namely, the provisions of the international agreement regarding injury and the other terms. The only comment I would like to make—I do not think it is properly addressed to Mr. Grey, but rather to the Committee at large—is that I do not think any of us here would want to be in the position, going through this Bill clause by clause as we are doing now, of seeming to indicate to the public that we are approving the definitive words of the legislation without

having heard from them. I would suspect that on this question of injury we might have representations from some of the people who may appear before us.

So my main point in intervening, Mr. Chairman, is to establish the fact that although we are going through the Bill clause by clause and line by line at this stage, it is in the sense of exploring the meaning of it and without prejudice to an opportunity to review particular clauses in the light of the representations we may receive.

**Mr. Hales:** My remarks are somewhat along the line Mr. Blair has just mentioned. No doubt we will have people appearing before us as well as briefs submitted that will bring up many of the detailed points on material injury. I wonder if my question comes under this clause or if it comes under some clause later on in which case I will be prepared to wait. I have in mind the case of an exporter who will not sell to the importer in Canada, but he will rent a piece of heavy equipment, we might say. There will be no sale, but he will rent it to the importer. Is this taken care of in some clause of the Bill? If so, I will wait until we come to that clause.

**The Chairman:** We will deal with that later on, Mr. Hales.

• 1235

**Mr. Hales:** All right, I shall wait.

**The Chairman:** Are there any other questions?

**Mr. Lambert:** Yes, with respect to clause 3 it states:

3. There shall be levied, collected and paid upon all dumped goods entered into Canada in respect of which the Tribunal has made an order or finding...

Does this mean that there has to be an order or finding with respect of each entry or is it with respect to each class of goods? I have in mind, for instance, that you will have several concurrent importations, say, by jobbers of textiles during a season, whether the country of origin is Britain, Italy, the United States or the Far East and on which there may have been an order by the Tribunal. Does the Tribunal have to make an order with respect to each entry by these several firms?

**Mr. R. Y. Grey:** Mr. Chairman, the answer is, no, it does and perhaps I am forced to give an example. Let us say that it comes to

the attention of the Deputy Minister of National Revenue. Perhaps some Canadian producer draws it to his attention, a customs officer draws it to his attention or he sees the goods in a shop and inquires of his own initiative entirely. There are seven-transistor radios—I mean, radios made with seven transistors—which appear to be available in Canada at a ridiculously low price made, let us say, in the Lieu Chieu Islands—there are such islands, sir; I am not making it up entirely and they do make radios there too. He might decide to initiate an investigation and a notice would be published in *The Canada Gazette* and so on. He might make a preliminary determination that seven-transistor radios made by the “XYZ” company in such a place as the Lieu Chieu Islands have been dumped and then the Tribunal would address itself as to whether imports of that category, as described by the Deputy Minister in his preliminary determination, cause or threaten injury or materially retard and so on. But the Tribunal has the power to say, in effect: “Well, you should have looked at seven-tube transistor radios from Japan, Hong Kong, Taiwan, Mainland China and a number of other places, too, and get on with that, please.” There is the power in the Bill to do that.

I would expect that the Department of National Revenue would have done that, anyway, but in the unlikely event that they have failed really—having found one import—to look at such imports of goods that fall, let us say, within the same description from other sources, the Tribunal can order a further investigation by the Deputy Minister of National Revenue. When the Tribunal makes its order or finding, it is the Tribunal that describes the category of goods and perhaps they might say: “Seven-transistor radios made by the ‘XYZ’ company in the Lieu Chieu Islands”, or perhaps they might say: “Seven transistor radios when made in the Lieu Chieu Islands,” and they do not identify a particular producer, or perhaps they might say: “Seven-transistor radios from all those exporters and all those different countries,” or perhaps they might say: “All radios.” It is for the Tribunal to decide what is the meaningful category. We have carefully avoided the use of the word “class” because that is a word that has been subject to interpretation by the Exchequer Court and I believe the word we use is “description”. It is for the Tribunal, in its wisdom, to decide what is the category, but if they discover that they

should be looking at a category that is broader than those which the Deputy Minister described in his preliminary determination, then they can order him to cast his net wider.

**Mr. Lambert:** To follow up on that, does this mean that the Tribunal, say, could make an order this year with regard to that particular category of goods and that the order of finding would be applicable a year hence? You see, this is what I am getting at. I will agree that when the period is rather contemporaneous, there is not too much difficulty, but, say, one year hence, would someone say: “All right, last year these were subject to a dumping duty of so much. This year they are going to be subject to the same duty.” I would suggest that most likely that would not be the case because the circumstances may have changed considerably in the interval.

• 1240

**Mr. R. Y. Grey:** Mr. Chairman, once there is an order or a finding by the Tribunal there are then two points at issue. Does a particular importation which appears at customs after the date of that order or finding fall within the description of goods which were made subject to an anti-dumping duty? That is for the Department of National Revenue to determine and it is subject to appeal just as tariff classification is now. It is up to the Tribunal to write the description—whether or not the imported goods fall within that description—and the order or finding runs on until it is withdrawn by the Tribunal. The Tribunal has the power to re-hear or alter its order or finding; it runs on indefinitely. It is then the responsibility of the Department of National Revenue to examine every importation of goods of that description and levy an anti-dumping duty to the extent that they are dumped, import by import.

Now, this is rather different than the United Kingdom's system or the system in use in Scandinavia where a flat rate of anti-dumping duty is put on a description of goods. It is our view that the Code, most strictly interpreted, requires a judgment in respect of each importation that they are subject to anti-dumping duty and this bill makes the anti-dumping duty the margin of dumping on each importation and that is what this clause says: “an anti-dumping duty in an amount equal to the margin of dumping of the entered goods . . .” meaning each entry of those goods. Automatically that means if a particular entry is not dumped there is no dumping



duty; an importer can at once escape the penalty of the anti-dumping duty by stopping dumping. No legal action or further finding is required if he stops dumping and the dumping duty automatically does not apply. There is no other way, in my view, to comply with the terms of the Code that dumping duty shall only be levied on dumped goods.

But the answer is, that goods of that description, set out in the order of finding, are subject to anti-dumping duty as entry by entry in the amount that that entry is found to be dumped and like the description, that is also appealable to the Deputy Minister of National Revenue, to the Tariff Board and, on a question of law, to the Exchequer Court unless the Tribunal alters its finding. I could go on indefinitely.

**Mr. Lambert:** I was going to say that the Tribunal having made a finding on a particular class of goods, or particular goods, if one year hence an importer were to attempt to bring in goods and is faced with the administrative action of the Department of National Revenue, he could say, "Oh, no, you cannot do that because the circumstances have changed". Then, what is his way to the Tribunal? After all, the period of appeal from the original finding has expired and what, in essence, he is asking for is not so much an appeal, but a variation in the finding. I presume he could, then, on the basis of the particular entry he is attempting to make, initiate further proceedings before the Tribunal in order to establish that circumstances have changed, either that the duty should be greater or should be less if he is an importer. But what about the position, say, of a domestic producer who might say, "Well, the conditions have changed to such an extent here in Canada that the dumping duty must be increased?"

• 1245

**Mr. R. Y. Grey:** Mr. Chairman, this Bill provides that a dumping duty cannot be greater than the margin of dumping—the Code provides that. The margin of dumping is a question of fact on each importation. This legislation, unlike the present legislation, says it shall not be less than the margin of dumping. The present one puts a ceiling of 50 per cent *ad valorem*. That ceiling is gone.

It is open to the tribunal under this Bill to re-hear or alter its order of finding. Presumably, the Tribunal will develop a set of rules as to how, when and in what manner it is pre-

pared to hear representations to the effect that although the dumping may be continuing, the economic situation has so changed that there is no possibility of injury. Presumably, over a time some jurisprudence will develop on this. That power is to be found on page 90, clause 32 of the draft Bill.

**The Chairman:** Mr. Gillespie and then Mr. Hales.

**Mr. Gillespie:** I think perhaps Mr. Grey has dealt with part of my question. It has to do with the situation where an entrepreneur, a domestic or a foreign entrepreneur, might see an opportunity in the Canadian market. It would be a situation, perhaps, in which the particular item was not being made in Canada and he might think to himself that there were opportunities here which he would like to investigate. Would he be able to go to the Tribunal and get a ruling from them in advance with respect to whether he would qualify, or his particular plan would qualify under the definition of industry? Under the terms of definition of industry would he be able to go in advance and get a ruling from the Tribunal that he would so qualify?

**Mr. R. Y. Grey:** Mr. Chairman, I think what Mr. Gillespie is asking is, can an importer get an advance ruling that dumped imports would not constitute injury of a particular product.

**Mr. Gillespie:** No, I was not talking about an importer. I was talking about someone who wanted to produce the item in Canada. It might be a domestic entrepreneur or it might be a foreign entrepreneur who sees an opportunity in the Canadian market.

**Mr. R. Y. Grey:** Mr. Chairman, I do not think we have provided power for the Tribunal to give such advice. On the other hand, as soon as there is a body of orders and findings by the Tribunal there will then be some jurisprudence as to what constitutes an industry. I suspect that it will be by reference to formal orders or findings of the Tribunal that people will have to make the judgment.

It would be my view that if the Tribunal were saddled with this task, at least in the initial period, it would be impractical for them to meet their overriding obligation that they must make their orders or finding within 90 days, bearing in mind that in addition to that they have to be prepared to give advice forthwith to the Deputy Minister of National Revenue as to whether, in their opinion,



there is evidence of injury. That is an additional function which this Tribunal has which the United States Tariff Commission does not have and given this time limitation in which they must act, I think that it was the view of the draftsmen, the Tribunal should not be asked to take on this additional function of giving advice to potential producers.

**Mr. Gillespie:** Thank you.

**Mr. Hales:** Mr. Grey, it was quite evident by the procedure you outlined about the importation of these radios from the Lieu Chieu Islands, that considerable time could elapse, no doubt, several more importations of the radios could come in and the man or the company that made the observations could be put out of business by the time a ruling was made. I would be quite concerned if I was the Canadian manufacturer. Is this not a fact?

• 1250

**Mr. R. Y. Grey:** Mr. Chairman, it would be impertinent, perhaps, of me to observe that Mr. Hales is not alone in this concern. To deal with that specific problem, an additional 90 day period of retroactivity was provided in the Code to deal specifically with this sort of problem. It is reproduced in the Bill using almost the identical language of the Code in clause 5 on page 46.

**Mr. Hales:** That still does not keep the fellow in business. He is out of business.

**Mr. R. Y. Grey:** Mr. Chairman, one cannot rule out if this draft Bill or something like it becomes Canadian law, that some importer may attempt to do just what Mr. Hales described and may succeed in doing so. Let us try to make up an example. Let us suppose, observing that there are certain limitations on the power of the administration to levy the duty retroactively, that an importer of radios from the Lieu Chieu Islands brings in a substantial quantity, but he has read this Bill and he says, well, as long as I do not bring in a massive quantity—the words that are used here are “a massive importation”—I can make a quick killing and by the time they catch up with me I will be importing something else. These sort of transactions do, in fact, occur. Now, it might be that a month and a half after he has made this importation he has disposed of the goods, pocketed his profits, or the Department of National Revenue has become seized of this. If they can make a preliminary determination within 90 days of the date of importation and subse-

quently the Tribunal finds that either that importation was of such a massive nature that that importation alone caused injury, or it was one of a series of importations which may have been made by people of which this importer had no knowledge at all—it may have occurred at the other end of the country—the Tribunal may direct that the anti-dumping duty be levied on those transactions which would have occurred not more than 180 days before the Tribunal made its decision.

It was the view of the draftsmen, sir, that although there may be some people so misguided as to make the kind of importations which you have described, the first time this section is used there may be some importers made bankrupt by it. It was accepted internationally that Canada, because of its proximity to the United States, was peculiarly exposed to this kind of dumping and the possibility of arranging a transaction very rapidly, making a very quick killing and doing real damage and that there should be special provision in the Code to deal with this situation. Of course, it is open to all countries to use it. An exporter from Canada to the United States is equally exposed to the use of this should the United States modify its law to take account of it—to provide the power to do so. It is contemplated that we will take full advantage of this power. If it is used, I would think it would then create in the minds of the importing community recognition of the fact that dumping may be a risky business and that the only way to be sure that you are not caught with an anti-dumping duty is not to dump.

**The Chairman:** Gentlemen, I will accept another question from Mr. Gray as it is now five minutes to one. We have had a very interesting meeting and I will ask for your guidance on a few matters after Mr. Gray has asked his questions.

**Mr. Blair:** Mr. Chairman, I do not like to intervene, but since we are dealing with Mr. Hales' important question, perhaps Mr. Grey might be able to say whether, in a very grave case, the provisions of clause 15 which enable a provisional determination to be made and dumping duty to be levied provisionally, might be some protection to Canadian industry.

• 1255

**Mr. R. Y. Grey:** Mr. Chairman, the right to apply provisional duty only applies to entries the date of which comes after the preliminary

determination by the Deputy Minister of National Revenue. He has no power to go back and levy a duty provisionally on goods which have already entered. Of course, the question of whether they have already entered is a question of whether the entry has been perfected in terms of this legislation and the Customs Act which may be a very complicated question.

An additional provision, which I think I should draw to your attention, is the fact that if the dumping duty is not paid in the sort of case that I have pointed out, then the liability follows the goods. These provisions are necessary because in the Code we accepted an obligation not to apply the duty retroactively except within very strict limits. That was a very important concession on the part of Canada and on the part of other trading countries. Now, let us say, an importer of the kind Mr. Hales described imports these goods and he sells them to a large retailing organization. The retailing organization may find that that importer has transferred all his assets to his wife, that he has gone into voluntary liquidation or that he has left the country—there are all sorts of techniques by which liability of the Crown may be debated. Under this Bill it is contemplated that the anti-dumping duty then lies with the subsequent owner of the goods. The first time that section is enforced I would think the purchasers of imported goods in Canada would wish to be sure that the importers they purchase from are sufficiently well established to meet their obligations to the Crown should those obligations be created by this Bill. This is intended to stop what Mr. Lambert called a fly-by-night operation.

**Mr. Lambert:** But you will agree, Mr. Grey, that the following of goods through the chain of retail distribution and so forth, though, can be very difficult. I would not like to be the one necessarily having to do that. For instance, in the case of small transistor radios that go out to novelty shops and pass through a number of distributors to novelty merchants and so forth, one would have quite a job on his hands.

**Mr. R. Y. Grey:** That is true, Mr. Chairman, but because we have accepted this very limitation on retroactivity and thereby possibly opening the door to sort of hit-and-run dumping tactics which could be very injurious, we have endeavoured to provide a scheme which is, in a sense, self-enforcing. It has come to our knowledge that there are

substantial and well known retailing organizations that make a practice of importing dumped goods.

**Mr. Gray:** Mr. Chairman, I think I will reserve my more detailed questions on the aspect raised by Mr. Hales until we come more specifically to the clauses in the draft bill dealing with this matter. However, I just wanted to make sure that we did have confirmation from Mr. Rod Grey that the draft bill did deal with the situation of sporadic or hit-or-miss dumping which has been raised by Mr. Hales.

**Mr. R. Y. Grey:** Mr. Chairman, it is, I think, in clause 5 read in conjunction with the enforcement division to which I just referred. Clause 5 is on page 46. It specifically deals with what is called colloquially "sporadic" dumping. The language is more elaborate and more careful in clause 5 than that phrase.

**Mr. Gray:** I have just one further question. Under the existing scheme of the law, of course, the same type of risk actually exists. There is a risk under the existing law with respect to hit-or-miss or sporadic dumping.

• 1300

**Mr. R. Y. Grey:** Yes, Mr. Chairman, there is although it might be argued that the ability of the Department of National Revenue to go back and deal with importations that took place, I think it is not more than two years previously, does provide some protection, but it is a matter of judgment how effective that can be. The limitation on retroactivity has required us, though, to put in this special provision to deal with that sort of dumping.

**Mr. Gray:** You have in effect put into the draft bill a special provision designed to deal, hopefully, as effectively as before, if not more effectively, with this problem of hit-or-miss dumping in the light of the limit placed on retroactivity under our international treaty obligations—the same limitations which our trading partners also have to put into effect in their own domestic laws.

**Mr. R. Y. Grey:** That is correct, sir.

**The Chairman:** Gentlemen, the Co-ordinating Committee met yesterday and allocated the following days, room facilities and hours: Monday, November 4, 8:00 p.m.; Tuesday, November 5, 3:30 p.m.; Thursday, November 7, 11:00 a.m. and 3:30 p.m.

Could I have your direction, please?

**Mr. Gray:** Would you give us some further explanation, Mr. Chairman?

**The Chairman:** On what, Mr. Gray?

**Mr. Gray:** Are you saying that it was suggested these are the only hours available for us to meet?

**The Chairman:** Yes, sir. I understand that the Co-ordinating Committee will meet every Wednesday and at that time allocate the days, room facilities, hours of sittings, and so on.

**Mr. Gray:** Could you give us that list again, please?

**The Chairman:** Yes, sir. Monday, November 4, 8:00 p.m., room 308 West Block; Tuesday, November 5, 3:30 p.m., room 308 West Block; Thursday, November 7, 11:00 a.m. and 3:30 p.m., room 308 West Block.

**Mr. Gray:** With the exception of the afternoon of Tuesday, November 5, there does not seem to be that much difference from what we have been doing up until now—unless you look at the possibility of an evening meeting on Monday, November 4.

**The Chairman:** What are your suggestions, gentlemen, about the proposed schedule allocated to us by the Co-ordinating Committee?

**Mr. Blair:** I move that we approve.

**Mr. Trudel:** Is that the schedule for one week, Mr. Chairman?

**The Chairman:** Mr. Trudel, the Co-ordinating Committee will meet every Wednesday and allocate the times of sittings and so on for each Committee.

**Mr. Trudel:** Fine.

**The Chairman:** If you think that we have not been allocated sufficient time we can go back to them and ask for more time.

Is it agreeable, gentlemen, that we accept this allocation for next week?

**Some hon. Members:** Agreed.

**The Chairman:** Thank you very much, Mr. Grey.

The meeting is adjourned.



## APPENDIX D

October 31, 1968

**Proposed Draft Regulations Relating  
to Sections 9 and 10 of Draft  
Anti-Dumping Bill**

1. For the purpose of determining the normal value of any goods imported into Canada, the period referred to in section 9(1) (c) of the Act in relation to the said sale is the period ending on the day of the said sale and commencing ( ) days immediately preceding that day or for such longer period, as in the opinion of the Deputy Minister, is required by virtue of the nature of the trade.

2. The sales of like goods, the prices of which are used to compute the normal value of any goods shall be those sales of goods made to purchasers who are at the same or at substantially the same trade level as the importer, and

(a) that are in the same or substantially the same quantities as the sale of goods to the importer, or

(b) in the event that the goods were not sold in the same or substantially the same quantities in the country of export as the sale of goods to the importer

(i) if the quantity sold to the importer is larger than the largest quantity sold for home consumption, that are in the largest quantity sold for home consumption, or

(ii) if the quantity sold to the importer is smaller than the smallest quantity sold for home consumption, that are in the smallest quantity sold for home consumption.

(c) sub-section to the same effect as section 36, subsection 2, para (c) of Customs Act.

3.(1) The normal value of any goods, as otherwise determined, may be adjusted by an allowance for quantity only if

(a) the exporter in the six-month period immediately preceding the date of the sale to the importer has granted quantity discounts of at least the same magnitude with respect to twenty per cent or more of the total quantity of like goods sold for home consumption and such discount had

been freely available to all purchasers, or

(b) the Deputy Minister is satisfied that such a discount is warranted on the basis of savings specifically attributable to the quantities involved.

3. (2) Notwithstanding sub-section (1), where the quantity of the goods sold to the importer in Canada was smaller than the smallest quantity of goods used in computing the normal value of the goods, the said normal value of the goods, as otherwise determined, shall be increased by an allowance to an amount which, in the opinion of the Deputy Minister, reflects the price for which such smaller quantity would be sold for home consumption.

4. The normal value of any goods, as otherwise determined, may be adjusted by an allowance, which, in the opinion of the Deputy Minister, reflects the value of any differences in quality, structure, design or material and any other difference between the goods sold for home consumption and those exported to Canada.

5. The normal value of any goods, as otherwise determined, may be adjusted by the deduction of an allowance on account of any deferred discounts granted by the exporter in connection with the goods purchased by the importer if

(a) the discounts were shown on the invoice at the time of importation of the goods,

(b) the discounts are not greater in percentage and not more favourable in terms than those granted generally by the exporter on the sales of goods used in determining the normal value of the goods, and

(c) the minister has provided the Deputy Minister with an undertaking that he will comply with the terms and conditions relating thereto.

6. The normal value of any goods, as otherwise determined, may be adjusted by deducting an allowance on account of a discount for cash if

(a) the terms and conditions of the discount are set out on the invoice,

(b) the discount is similar in percentage and terms with that granted generally by the exporter on the sales of like goods that are used in determining the normal value of the goods and

(c) the Deputy Minister is satisfied that the importer has earned or will earn the discount in accordance with the terms and conditions relating thereto.

7. The normal value of any goods, as otherwise determined, may be adjusted by deducting an allowance on account of the cost of transportation from the place of shipment to purchasers for home consumption.

(a) if the like goods are sold generally for home consumption by the exporter in the country of export at a common delivered price (freight prepaid or allowed) to all destinations in the country of export or in that zone in the country of export in which the place of direct shipment to Canada is located, that under ordinary commercial practice of the country of export is considered to be a common transportation zone,

(b) subject to paragraph (c), in an amount not greater than the average cost of freight prepaid or allowed by the exporter on the sales of like goods in the country or zone therein, and

(c) not exceeding the actual charges for transportation of the goods to the importer.

8. In the event that there were not sufficient number of sales of like goods made to purchasers for home consumption in the country of export who are at the same or substantially the same trade level as the importer of the goods but there were a sufficient number of sales of like goods made to purchasers for home consumption at a level subsequent to that of the importer, the latter sales shall be used to compute the normal value of goods and the normal value of the goods so determined may be adjusted by deducting an allowance

(a) not exceeding the discount that is freely available on sales, by other vendors in the country of export of like goods, to purchasers for home consumption who were at the same trade level as that of the importer, or

(b) where the information referred to in paragraph (a) is not available, not exceeding such amount as in the opinion

of the Deputy Minister represents the cost incurred by the exporter in respect of sales for home consumption for carrying out the functions normally performed at the trade level of the importer provided

(1) the exporter did not perform these functions on sales to the Canadian importer,

(2) the exporter did not carry out these functions in respect of the sale of the said goods in Canada,

(3) the allowance does not exceed the actual cost of carrying out these functions in Canada.

9. The normal value of any goods, as otherwise determined, may be adjusted by deducting therefrom the amount of any taxes and duties levied on the sales of like goods when destined for home consumption that are not borne by the goods sold to the importer in Canada.

10. All computations shall be made at the same exchange rate which shall be the exchange rate prevailing on the date of shipment to Canada.

11. For purposes of section 9(3), a sufficient number of sales with reference to any goods in a prescribed period means sales of those goods during that period in such quantities that, if the quantity of the goods sold to Canada in the period were to be deducted from the total quantity of goods sold throughout that period, at least twenty-five per cent of the remainder would have been sold for home consumption.

12. [Regulation to define sufficient number of sales for purposes of section 9(2).]

13. (1) For the purposes of paragraph (a) of sub-section (1) of Section 10, the "exporter's sale price" means the price at which the goods are sold or agreed to be sold to the Canadian importer less the amount, if any, whether or not included in such price, for (1) any additional costs, charges and expenses, incurred by the exporter incident to preparing the goods for shipment to Canada which are not generally incurred on home market sales, (a) all other costs, charges and expenses by or for the account of the exporter resulting from or arising from the exportation or after the shipment of the goods from the place described in paragraph (d) of sub-section (1) of Section 9.

13. (2) For the purposes of paragraph (b) of sub-section (1) of Section 10, the "importer's purchase price" means the price at which such merchandise has been purchased or agreed to be purchased by the importer less, the amount, if any, whether or not included in such price, for (1) any additional costs, charges, and expenses incident to preparing the goods for shipment to Canada, over and

above those normally incurred by the exporter on home market sales, which are not for the account of the importer, and (2) all other costs, charges and expenses resulting from or arising from the exportation or after the shipment of the goods from the place described in paragraph (d) of subsection (1) of Section 9 which are not for the account of the importer.

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OFFICIAL REPORT OF MINUTES  
OF  
PROCEEDINGS AND EVIDENCE

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ALISTAIR FRASER,  
*The Clerk of the House.*

HOUSE OF COMMONS

First Session—Twenty-eighth Parliament

1968

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STANDING COMMITTEE

ON

FINANCE, TRADE AND ECONOMIC AFFAIRS

*Chairman:* Mr. GASTON CLERMONT

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MINUTES OF PROCEEDINGS AND EVIDENCE

No. 5

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MONDAY, NOVEMBER 4, 1968

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*Respecting*

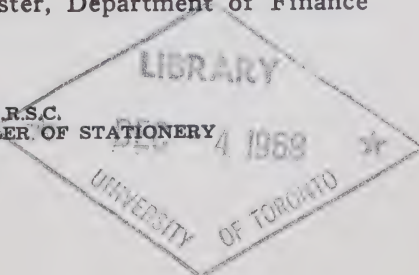
WHITE PAPER ON ANTI-DUMPING

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WITNESS:

Mr. R. Y. Grey, Assistant Deputy Minister, Department of Finance

ROGER DUHAMEL, F.R.S.C.  
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
OTTAWA, 1968





STANDING COMMITTEE ON  
FINANCE, TRADE, AND ECONOMIC AFFAIRS

*Chairman:* Mr. Gaston Clermont

*Vice-Chairman:* Mr. Alastair Gillespie

and

Mr. Blair,  
Mr. Burton,  
Mr. Comtois,  
Mr. Danson,  
Mr. Downey,  
Mr. Énard,

Mr. Flemming,  
Mr. Gauthier,  
Mr. Givens,  
Mr. Gray,  
Mr. Hales,  
Mr. Harkness,

Mr. Lambert (*Edmonton  
West*),  
Mr. Latulippe,  
Mr. Perrault,  
Mr. Roberts,  
Mr. Saltzman,  
Mr. Trudel—(20).

Dorothy F. Ballantine,  
*Clerk of the Committee.*

EXTRACT FROM THE MINUTES OF PROCEEDINGS OF  
TUESDAY, NOVEMBER 5, 1968

On motion of Mr. Trudel, seconded by Mr. Roberts.

*Resolved*,—That the evidence adduced earlier this day *and at the meeting of November 4, 1968*, be considered as part of the official record of this Committee.

ATTEST:

Dorothy F. Ballantine,  
*Clerk of the Committee.*





## MINUTES OF PROCEEDINGS

Monday, November 4, 1968.

(7)

The Standing Committee on Finance, Trade and Economic Affairs met at 8:10 p.m. this day, the Chairman, Mr. Clermont, presiding.

*Members present:* Messrs. Burton, Clermont, Danson, Gillespie, Givens, Gray, Harkness, Lambert (*Edmonton West*), Perrault, Trudel—(10).

*Also present:* Mr. Ritchie.

*In attendance: From the Department of Finance:* Messrs. R. Y. Grey, Assistant Deputy Minister, and C. D. Arthur, International Economic Relations Division.

*Also in attendance: From the Department of National Revenue (Customs and Excise):* Messrs. R. C. Labarge, Deputy Minister; A. R. Hind, Assistant Deputy Minister, M. T. Keam, Director, Customs Appraisal Division; H. D. MacDermid, Chief, Valuation Section; *From the Department of Trade and Commerce:* C. J. Kelly, Office of Area Relations; *From the Department of Industry:* V. R. St. Louis, Commercial Policy Division.

The Committee continued questioning the witness, Mr. Grey, on the proposed draft bill on anti-dumping.

At 10:00 p.m. the Committee adjourned until Tuesday, November 5, 1968 at 3:30 p.m.

Dorothy F. Ballantine,  
*Clerk of the Committee.*



**EVIDENCE**  
*(Recorded by Electronic Apparatus)*

**Monday, November 4, 1968**

• 2010

**The Chairman:** Last Thursday when we adjourned, gentlemen, we were on page 44, Part I, Liability for Anti-Dumping Duty. Yes, Mr. Lambert.

**Mr. Lambert (Edmonton West):** On a point of order, Mr. Chairman. As I indicated to you prior to the commencement of the meeting, I know that this Committee is meeting at this insane hour as the result of the directions of the co-ordinating committee. But if they want to kill the committee system let them continue this, because it is not only this committee that can be directed to meet in the evening as well as during the daytime, and that will kill the thing entirely. We have staff to consider, Mr. Chairman, and that decision did not consider staff. They cannot come in at noon to compensate for the hours in the evening. We have also here very many senior public servants who all have their responsibilities in their departments and we cannot, in all justice, even if members are insane enough to suggest that they are going to sit at night, ask these men to come here night in and night out. Therefore, I officially record my dissent at this procedure.

**The Chairman:** Mr. Lambert, as I mentioned to you in private, last Thursday before we adjourned I read the suggestion made by the co-ordinating committee that we have the night sitting tonight. It was moved and seconded that we accept that schedule, and I do not think it would be fair to put the full blame on the co-ordinating committee, because the Committee members who were here accepted the proposition.

**Mr. Lambert (Edmonton West):** I suggest to you, Mr. Chairman, that at the time you did not have a quorum.

**The Chairman:** This I would not be able to say because I did not count them, Mr. Lambert.

**Mr. Lambert (Edmonton West):** I stayed here until one o'clock last Thursday.

**The Chairman:** Yes, I agree that you were not here.

**Mr. Lambert (Edmonton West):** But I stayed here till one o'clock.

**The Chairman:** Yes, but I mean I did not move and second it myself, Mr. Lambert, and I was not alone here. There were members even from your own party. Are there any other comments on this?

**Mr. Lambert (Edmonton West):** Do I take it all the gentlemen here approve of sitting on Monday nights, Tuesday nights?

**The Chairman:** No, Mr. Lambert. It is not a question of Tuesday nights. What was suggested by the co-ordinating committee and what I placed before the members here last Thursday was the schedule that we sit tonight at eight o'clock, tomorrow afternoon at 3:30 p.m., Thursday morning at 11 o'clock, and Thursday afternoon at 3:30 p.m. There was to be only one night sitting this week, Mr. Lambert.

**Mr. Lambert (Edmonton West):** As far as I am concerned the co-ordination is all nonsense because there is a Procedure Committee that sits on Tuesday afternoons and Thursday afternoons, and that conflicts with this one as far as I am concerned.

**The Chairman:** Yes, but is any member of your party sitting on that co-ordinating committee?

**Mr. Lambert (Edmonton West):** Yes, there is, but the Chairman is also one who sits. The chairman of the co-ordinating committee is a man who sits on the Procedure Committee and he suddenly remembered that perhaps he had goofed.

*[Interpretation]*

**The Chairman:** Mr. Trudel.

**Mr. Trudel:** Is this a permanent arrangement or is this going to be changed from week to week?

**The Chairman:** I believe that the coordinating committee will make suggestions for each week.



**Mr. Trudel:** So perhaps on one week there would be a possibility that we meet in the evening and on the other weeks during the day.

[English]

• 2015

**Mr. Lambert (Edmonton West):** Mr. Chairman, I suggest we take this up in the steering committee.

[Interpretation]

**The Chairman:** I believe that the coordination committee has made suggestions only, and it is up to the members of this committee who were there who accepted the schedule. I cannot assure Mr. Lambert that we had a majority of members present at that time. I cannot assure him of that, but the coordinating committee is going to make suggestions every week. It is up to the members of the committee to accept or not such a decision.

**Mr. Trudel:** Thank you.

[English]

**The Chairman:** Are there any other comments?

**Mr. Danson:** I hesitate to comment, because the last time I suggested a procedure that was not followed in the past, the gentleman opposite suggested that I had better wait until I had more experience, and I shall wait.

**The Chairman:** Gentlemen, as I mentioned before, last Thursday when we adjourned we were at page 44, Part I, Liability for Anti-dumping Duty, and Mr. Gray had the floor. I do not know whether he was finished with questions to Mr. R.Y. Grey, but he had the floor.

**Mr. Gray:** I will yield, Mr. Chairman, so that we can attempt to make further progress.

**The Chairman:** Are there any other questions on clause 3? If not, we will move to clause 4, or to clause 5 on page 46.

**Mr. Harkness:** In connection with clause 4, do I understand from reading this that if a provisional duty is imposed, that then becomes the maximum duty that can be imposed?

**Mr. R. Y. Grey (Assistant Deputy Minister, Department of Finance):** Mr. Chairman, the answer is yes.

There is a provision to this effect in the Code. I think the practical import of this is that officials of the Department of National Revenue will be doubly scrupulous to be sure that they impose the maximum provisional duty.

**Mr. Harkness:** Yes, if they did not impose a sufficient provisional duty, then I could see that there could be serious results. What is the reason or the need for having a provision of this kind, that the provisional duty imposed shall be the maximum?

**Mr. R. Y. Grey:** Mr. Chairman, I am unable to answer that question. The point was raised by the representative of one country in the anti-dumping negotiations, and I made the reply which I just made to you, sir, that the impact of this would not be to have lower anti-dumping duties, which would seem to be the import of the proposal, but just the opposite. They maintained their position, so I saw no particular harm in it. It is quite lacking in logic as far as the Code is concerned.

**The Chairman:** Mr. Lambert.

**Mr. Lambert (Edmonton West):** Mr. Chairman, last winter when we were discussing this at the time of the Kennedy Round discussions, and with the then Minister of Trade and Commerce and I believe other officers of the Department of Finance, it became quite apparent that with a reasonable amount of astuteness, importers or shall we say an exporter from a foreign nation would be easily allowed one good free dump before you caught up to him. The combination of clauses 3 and 4, I would suggest, has that result, in that the anti-dumping duty that is payable is made only in respect of goods in which the Tribunal has made an order. The Tribunal will have made an order because there has been a complaint that it has caused, or is causing, or is likely to cause material injury to the production in Canada of like goods, or has materially retarded or is materially retarding the establishment of the production of like goods in Canada. And I put it to you as a practical measure that this will in effect mean one free dump.

• 2020

**Mr. R. Y. Grey:** Mr. Chairman, Mr. Lambert has made two assertions that clauses 3 and 4 together would allow one good free dump and one free dump. I do take issue with the first of those statements, sir, because clause 5 which you have not yet come to is intended to stop the one good free dump by which I

assume you meant a very large one that might do real damage. I think it is the case that one that does not form part of a series of importations, which taken together would be judged to be massive, which is the case that is dealt with in clause 5, does not fall within clause 5, or the administration does not act with sufficient speed.

**Mr. Lambert (Edmonton West):** Mr. Grey, the idea may be all right, but the procedure and the machinery will not catch up with those people who are moving fast enough to be able to come in with a dump. We will hear about this from the trade associations, I am sure, but this was expressed as one of the difficulties last summer, or last year.

**Mr. R. Y. Grey:** Mr. Chairman, I think the question in part should be addressed to the Deputy Minister of National Revenue or the Minister of National Revenue, because it concerns the speed with which that Department will act. I would point out that if the dumping action which comes to the attention of the authorities can be dealt with within 90 days from the date of that original importation, it may be that it will be subject to duties retroactively as much as 180 days after the importation under clause 5. It is not just clauses 3 and 4 taken together, but clauses 3, 4 and 5. I think then the situation is that even if the administration acts with all due speed, it is possible to have one small bite and escape the dumping duty, but if it is a very large one or if it is a series of middles, like being attacked by a school of barracuda, it is possible that clause 5 will apply. That is the purpose of clause 5, Mr. Lambert.

**Mr. Lambert (Edmonton West):** Yes, because it seems to me the old procedure was more effective and made it possible for the Department of National Revenue to react quicker. We are now entering into an anti-dumping convention imposed upon us by the thinking of European countries who do not have to rely upon anti-dumping conventions to control imports into their country because they resort to other methods and, therefore, we tied our hands behind our backs on the really effective way we had of controlling this sort of operation. They gave away nothing because they have other means and utilize other means, such as quotas, particular taxes and one thing and another that they could move in on rather rapidly. That is why I feel we have to be very careful at this particular time.

**Mr. R. Y. Grey:** Mr. Chairman, I think I ought to draw Mr. Lambert's attention to the fact that it was

the situation in the United States that they would take what is called under the Code "provisional action". There was no limitation on the amount of time required to take provisional action and, therefore, goods could be held subject to further appraisement and potentially liable for an anti-dumping duty for a very long period of time.

There are cases on record where goods were subject to that provisional action for as long as two years. It was the view of the Canadian Government and they so instructed their representatives that some limitation should be put on the United States. That limitation is embodied in the relevant sections of the Code which here are given force in Canadian law. We, of course, had to put the same limitation on ourselves, but we could only reach backward under certain very defined circumstances. I think it is quite correct that if the administrative authorities do not act with sufficient speed dumping could take place, but that is not the fault of the Code, that would be the fault of the administrative authorities.

**Mr. Gray:** Mr. Chairman, could I ask a question . . .

**The Chairman:** Yes, Mr. Gray.

**Mr. Gray:** . . . just to clarify a point in my own mind, at least. First of all, is it correct that the procedures under the Code can be initiated not only by means of a complaint received by the customs administration, but through action of the customs administration itself?

• 2025

**Mr. R. Y. Grey:** That is correct.

**Mr. Gray:** So this would be a factor limiting the possibility of the so-called free dump that Mr. Lambert has referred to, I mean, if the customs administration is efficient and alert to the fact that it can initiate the procedures itself this will help to lessen the possibility suggested by Mr. Lambert. Do you agree with that suggestion?

**Mr. R. Y. Grey:** I think, Mr. Chairman, that when we come to the procedural sections of the Bill you will see that the Department of National Revenue would be under a fairly strict legislative instruction to act when information comes to their attention.

**Mr. Gray:** Do I understand, then, that you said to Mr. Lambert that the Code is such that with efficient and effective customs administration even the possi-



bility of the one small dump about which you made some distinction, would be lessened materially?

**Mr. R. Y. Grey:** Mr. Chairman, we were concerned in the negotiations to make sure that it was not possible to dump a sufficient quantity of goods to do injury to Canadian producers and, because of the retroactivity limitations, to escape the duty. We defined this in such a way that that category includes not only single transactions, but a transaction that is one of a series of transactions. That is what clause 5 refers to. Now, if there is one dump which is in itself not massive and it is not one of a series of importations of similar goods in a relatively short period of time, then it is possible in that situation for one dump to occur. Some might argue that that can happen now in fact, but by definition that importation would not have been injurious. If it were injurious because it was massive and was not caught by clause 5, it merely means that the administration did not move to the stage of preliminary determination within 90 days of the importation.

**Mr. Gray:** If the dump in question is not injurious, that really begs the question as to the whole effect of the particular transaction. The legislative scheme or proposal embodied in the draft law is that we must now take into account the question of injury.

**Mr. R. Y. Grey:** Mr. Gray, I do not think that is a question. That is a statement, is it not?

**Mr. Gray:** Yes. Thank you, Mr. Chairman.

On clause 6—*When duty payable*.

**The Chairman:** Yes, Mr. Harkness.

**Mr. Harkness:** In connection with clause 6, when we were discussing some of these matters earlier, Mr. Grey, you said that if the importer, we will say, had disappeared and the duty could no longer be collected from him, then it could be collected from people to whom he had sold the article. Where is that covered? This clause of course, just says "the importer".

**Mr. R. Y. Grey:** Mr. Chairman, it is contained in clause 33 on page 90, under Part IV, General.

**Mr. Gray:** Would it be in subclause (2)?

**Mr. R. Y. Grey:** Yes.

[*Interpretation*]

**The Chairman:** Very well, Mr. Lambert.

[*English*]

**Mr. Lambert (Edmonton West):** My question deals with clause 7.

On clause 7—*Exemption by Governor in Council*.

**Mr. Lambert (Edmonton West):** Under what circumstances would you envisage that clause 7 might be invoked, Mr. Grey or is this to provide for that possible case where it is not necessary?

• 2030

**Mr. R. Y. Grey:** Mr. Chairman, I presume the situation would be analogous to that which applies under the present legislation. There have been exemptions from anti-dumping duty for window glass. No reason was ever stated in the House for the exemption, but I believe the reason was that the government was of the view that there was some kind of combining to raise prices in that industry. That is hearsay. There is an exemption now for automobiles imported under the terms of the order which gives effect to the automotive products agreement and one, I think, for commercial vehicles.

These were situations in which it was apparent that dumping could not injure Canadian producers of those goods for various reasons. It is possible to envisage a situation in which there is a sole Canadian producer who can demonstrate to the satisfaction of the Tribunal that, indeed, he has been injured in the strict meaning of the word—his prices have fallen, employment has been reduced and so on. The government might, none the less, conclude that they should be able to exempt that product from anti-dumping duty.

There is broad power both in the Customs Tariff Act and in the Combines Investigation Act to use tariff reductions when prices are being maintained by a monopolist or by a combination. They are of long standing and they very seldom have been used. This power is analogous.

**Mr. Lambert (Edmonton West):** This would be deemed to be delegated authority, would it not?

**Mr. R. Y. Grey:** I think that is correct, Mr. Chairman. I would point out that if this clause were not here—it is an exact model of the one in the existing provision. There is a provision in the Financial Administration Act under which the Governor in Council has power. This power is in relation to all taxes, fees penalties or licences.

**Mr. Gray:** I believe that is section 22.



**Mr. R. Y. Grey:** Yes, Section 22.

**Mr. Lambert (Edmonton West):** Yes, we have heard about it; it is about a certain type of equipment.

**The Chairman:** Mr. Gillespie.

**Mr. Gillespie:** Mr. Chairman, I was going to ask precisely the same question as Mr. Lambert has asked.

**Mr. Gray:** Mr. Chairman, just for the record, I might correct Mr. Grey in saying that a similar power to the one found in clause 7 of the draft bill exists in section 6(2) (b) of the Customs Tariff, which is the section dealing with our present anti-dumping scheme.

**Mr. R. Y. Grey:** That is correct, it is precisely the same power.

On clause 9(1)—*Determination of normal value of goods.*

**Mr. Lambert (Edmonton West):** Mr. Grey, with respect to clause 9 has further progress been made in obtaining approval of the draft regulations you placed before us the other day, or when do your anticipate that the approval of this may be obtained.

**Mr. R. Y. Grey:** I do not think they will be approved until after this draft bill has moved on quite a number of stages. As Mr. Lambert will realize, there are several sections that are not put in in legal language but simply indicate the structure of the regulations. I would think that it will be very close to January 1 before they are in final form.

• 2035

On clause 10(2)—*Special rules to determine export price.*

**Mr. Lambert (Edmonton West):** I would like to enquire about the special rules to determine the export price where the Deputy Minister rather doubts that the price is reliable because of the relationship between the importer and the exporter.

Have we had difficulty with this at all in the past? Are the principles not the same? Under our present Act I am sure that the concept is not new, and I am just wondering whether this is really an area that gives much trouble to the administrators of our anti-dumping provisions?

**Mr. R. Y. Grey:** Mr. Chairman, a question about the administration of the present legislation I think should be more properly addressed to Mr. Labarge. I would merely state that in the confidential hearings before

the Blass Committee and, prior to that, in consultations with members of the business community which I conducted on the instructions of the Minister of Finance, and on numerous occasions in consultation with the representatives of various corporations, it had been represented to the Department that between associated or related companies it is remarkably easy to arrange one's affairs so that dumping can take place and that it is difficult to detect and to get at this.

I once asked a tariff consultant in Ottawa, who shall be nameless, how a firm in a particular line could dump; he asked me how many ways I would like to know because he could off-hand think of a dozen ways a firm related to a parent firm in another country could so arrange their affairs as to place a considerable burden on Mr. Labarge's officials in detecting the real nature of that transaction. I would not suggest, Mr. Lambert, that this has made it easier to find; our effort was to be sure that we did not make it easier to dump in that manner.

**Mr. Lambert (Edmonton West):** I will be asking Mr. Labarge about this, but I was wondering whether in your context you were aware that this was one of the real tough nuts to crack.

**Mr. R. Y. Grey:** Mr. Chairman, Mr. Lambert has me at a slight disadvantage because most of the information I have on this basis is in fact of a confidential character. But I would put it very strongly that it has very frequently been represented to us in the very strongest terms, and it was the advice we got from the consultant that was hired by the Department of Finance to assist us in the negotiation of the code, that a good deal of such dumping took place; that he had advised his clients how to do it, which was perfectly within the scope of the law, and I believe the assertion made recently in a number of semi-public gatherings that no Canadian importer need pay a dumping duty if he arranges his affairs with sufficient skill.

**Mr. Gillespie:** I would just like to pick this point up that Mr. Grey has made. Are these arrangements to which you refer related in any way to imports from state-trading agencies?

**Mr. R. Y. Grey:** No, Mr. Chairman. I was really thinking of transactions between very large parent firms abroad and very large subsidiaries in Canada which both import and export a wide variety of products and carry on a multitude of transactions and who therefore can obscure the amount of the real consideration that is passed with reference to particular imports.

**Mr. Gillespie:** You are talking about the multinational firms?

**Mr. R. Y. Grey:** Yes, and a multiproduct firm too.

• 2040

**Mr. Gillespie:** The multinational multiproduct firm. I would like to come back to that a little later. There was one question I wanted to ask you in this area which has to do with the valuation of imports from state-trading countries. I am referring particularly to those behind the Iron Curtain, and the basis on which the Deputy Minister would make his valuation.

**Mr. R. Y. Grey:** Sir, the problem in relation to imports from so-called state-trading countries relates to determining not the export price, which is the subject of this section, but the normal value, and that is dealt with in subclause (5) of clause 9 on page 52.

**Mr. Gillespie:** Can we revert back to that clause, Mr. Chairman?

**The Chairman:** That is all right.

On clause 9 (5)—*Normal value where export monopoly*.

**Mr. Gillespie:** Perhaps Mr. Grey would like to just review that item for me.

**Mr. R. Y. Grey:** When a complaint is received that goods from a state-trading country are coming in at what seems to be an unreasonably low price, given the going structure of international prices, it is the practice now in Canada, the practice in the United States, and it is the practice which is recognized under the GATT, that the normal value can be determined by reference to the price at which such goods are imported from a nearby open-market economy and I am using a term that ought to be in quotation marks. I think that power is now exercised under section 38(d) of the Customs Act which confers the power on the Minister of National Revenue to prescribe the manner in which such goods shall be valued, and this concept of the Minister prescribing a manner in which the value shall be determined is carried forward here. The grounds are stated more narrowly than in the present Customs Act, and here it describes, completely in conformity with the Code on this point, the right of all countries to have reference to some other standard than the domestic value when looking at the normal value in the different state-trading countries, where

obviously goods do not change hands at market prices in the ordinary economics sense.

**Mr. Gillespie:** Is this likely to be a very arbitrary decision on the part of the Deputy Minister? I am referring particularly to those who are interested in developing trade with Eastern European countries. If they start out on one basis which proves effective, are they likely to find shortly thereafter that there will be a new evaluation placed on normal price and, as a result find the business and their efforts gone for naught?

**Mr. R. Y. Grey:** This finding of normal value is bound to be arbitrary in a formal sense, I think you meant whether it is going to be unreasonable or unreasonably high.

**Mr. Gillespie:** Or consistent.

**Mr. R. Y. Grey:** No question is raised about the value of the great volume of goods which are now imported by Canada from state trading countries. The invoice value is accepted as being an indication of the value in the country of export. But there have been at times a number of complaints and inquiries which have given rise to the use of the analogous power now. I think that the fact that it is a stated policy of the Canadian Government to develop trading relations with these countries is a natural brake on the arbitrary use of this power. But at the same time, there is the fact that if it is not used fairly and correctly, it means that we would be discriminating in effect against our trading partners who have open-market economies. It is a difficult exercise in judgment to see that trade develops with those countries at the same time, without discriminating against countries whose systems of marketing are more open to the scrutiny of this type of customs system.

**Mr. Gillespie:** I am referring in particular to a group of products which might be described as those involved in heavy construction. Some publicity has recently been given to them. This is one side of the equation, the evaluation of a normal price, or normal value. The other side is the export price and many of these, as I understand it, might be exported on a consignment basis and then leased in Canada. What provisions relate to this question of assigning an export price to goods which are not sold but which are leased once they arrive in Canada?

• 2045

**Mr. R. Y. Grey:** That is a question I would like to revert to later, because I think I need advice, but I



think it is dealt with under subclause (2) on page 54, where it states:

10.2(2) Where, in respect of any imported goods,

(a) there is no exporter's sale price or importer's purchase price at the time of importation of the goods...

You go all the way through that section and then you find out it states:

(d) in any case other than that described in paragraph (c), the price determined in the manner prescribed by the regulations.

And what I am suggesting is that for goods imported and not sold but leased, rules will have to be prescribed by regulation under this Act. I think I am correct that it is done by regulation under the present Act. This same problem, of course, arises. If they are sold on consignment then it is dealt with under paragraph (c) on page 54, where the export price is determined by taking the first arm's-length transaction in Canada and deducting from that all the costs and profits and taxes that have been incurred between the time of import and the time of the arm's-length sale. That principle, of course, is in the present legislation.

**Mr. Gillespie:** One further question has to do with the nature of compensatory arrangements. I wonder if Mr. Grey might give examples of these.

**Mr. R. Y. Grey:** If an importer in Canada purchases goods from an exporter in, let us say, New York, and it is discovered subsequently that his hotel bill in Florida was paid by that exporter, in other words there was a reduction of the export price, or perhaps some other friendly service was provided by the exporter in Florida, I suppose that would be a compensatory arrangement. How wide that term is—it is intended to be wide—I suppose will be determined by the Exchequer Court in due course. I think that there is probably no limit to the list of compensatory arrangements.

**Mr. Gillespie:** Is there suspicion on the part of the Department that this is a very prevalent practice?

**Mr. R. Y. Grey:** Not prevalent. I think if it is clear that the legislation recognized that one way of dumping is to provide some related compensatory service so that the export price is not really the real export price, presumably it will not be prevalent.

**Mr. Gillespie:** Thank you, Mr. Chairman.

**The Chairman:** On clause 11—page 56—*Where information not available.*

Yes, Mr. Grey?

**Mr. R. Y. Grey:** I wonder if I could point out to the Committee, Mr. Chairman, that it was our insistence that in the Code it was established that where information is not made available, decisions can be made on the basis of the information that is available, so as to make it not possible for people to get one small bite or two small bites or three small bites by withholding information. This is a logical corollary to the undertaking to place limits on the retroactive application of anti-dumping duty.

**Mr. Burton:** I was just wondering why there is the immediate reference to the Minister after the Deputy Minister has drawn the conclusion that there is not sufficient information available, rather than a reference to the Tribunal?

**Mr. R. Y. Grey:** Because the question of what is the normal value and what is the export price is a matter for the Department of National Revenue, subject to appeal to the Tariff Board and the Exchequer Court. It does not fall within the purview of the Tribunal, which concerns itself only with injury. As to whether it should be the Deputy Minister or the Minister who prescribes, I am not quite clear, but tentatively we proposed the Minister.

**The Chairman:** On clause 12—*Goods exported to Canada through another country.* Yes, Mr. Lambert?

**Mr. Lambert (Edmonton West):** On clause 12, it seems to me that there is... Oh, excuse me.

**Mr. Burton:** With respect to clause 11, I would like to underline Mr. Grey's last comment about the question regarding whether this should be just referred to the Minister in the legislation. It seems to me this is a trend in legislation. There are many very specific matters referred to the Minister that I think can be questioned on a number of grounds.

**Mr. R. Y. Grey:** Mr. Chairman, I am not clear just what the question is.

**Mr. Burton:** Maybe you can comment.

●2050

**Mr. R. Y. Grey:** Well, I might merely comment. The question that faced the draftsmen throughout was that



where it was clear an arbitrary power of some sort or delegated power was required, should it be the Deputy Minister or the Minister or the Governor in Council? We have followed broadly the pattern of the present legislation. But I would point out that as much power can be delegated by the use of language which obscures the need to make a judgment as by stating it explicitly. Throughout this legislation I think the draftsmen's bias is to invoke the opinion of the Deputy Minister or the prescription of the Minister whenever there is a real matter of judgment, and not to fall back upon language which would obscure the nature of that discretion. And that is possibly the reason that these terms appear here more frequently than in some other types of legislation.

**The Chairman:** Mr. Lambert, on clause 12.

**Mr. Lambert (Edmonton West):** This raises a point that can be related back to section 9 (1) (b), raising the problem that I think is inherent in the structure of the common market. In 9(1) (b) we hear of home consumption. Shall it be deemed that within the common market, that shall be home consumption, even going beyond the national boundaries of the country of production?

In the same way, how does the common market structure apply under 12? There it is deemed that goods shall be passing, without any customs barriers, or what have you, within the common market. Therefore, goods can actually be produced in West Germany, shipped to France without any customs toll between France and Germany, and then exported to Canada.

I think the two points are somewhat related. What do we consider to be the country of origin within the common market, and, also, what are the criteria for home consumption within the common market? That is an example on the trading front.

**Mr. R. Y. Grey:** Mr. Chairman, throughout this proposed Bill the common market is treated as a series of individual countries and not as something different. That is, goods, say, from Italy, passing *bona fide* in transit through France bound for Canada, as evidenced by the bill of lading, are treated as though they came directly from Italy, as under the terms of the present practice, and the country of origin then would be Italy and home consumption is "for sale in Italy". That is the first part of this section.

**Mr. Lambert (Edmonton West):** Suppose the goods were produced in West Germany, imported into

France without duty, and then sold to Canada by a French exporter. Would the area of home consumption then be in Germany or in France?

• 2055

**Mr. R. Y. Grey:** In that case it would be France, sir, because they were sold by an exporter in France.

**The Chairman:** We have just covered the item on goods indirectly shipped to Canada. We now come to Part II.

On clause 13(1)—*Initiation of investigation.*

**The Chairman:** Mr. Harkness?

**Mr. Harkness:** Sir, it says "... complaint by or on behalf of producers in Canada ..." Could this be in the singular—a producer, or has there to be more than one producer?

**Mr. R. Y. Grey:** Mr. Chairman, subject to correction I think it can include the singular. The rule would be found in the Interpretation Act, though.

**Mr. Harkness:** I would certainly think it should, or that at least one producer should be able to make the complaint. But I was wondering why they did not say "on behalf of a producer or producers".

**Mr. R. Y. Grey:** Mr. Chairman, I will take advice on this point. It is some time since I was involved in drafting it, but I think the Interpretation Act says that the plural includes the singular.

**The Chairman:** Mr. Gray?

**Mr. Gray:** I think it would be very worthwhile to enquire into this so that the intention of the Government be clearly expressed in the wording.

**Mr. R. Y. Grey:** I would merely point out, Mr. Chairman, that if, in any event, one producer complained and produced a reasonable amount of evidence the Deputy Minister would then be free to act on his own initiative.

**Mr. Danson:** Mr. Chairman, I assume, in that case, that "on behalf of" would include the union, if it was a union complaint. Would that be considered "on behalf of"?

We discussed the other day the possibility that a sole producer, particularly a foreign company, might not

make a complaint, and there was the option there, I think, that it need not be a union, but that the employees might complain of dumping if it resulted in the closing-down of the producer.

**Mr. R. Y. Grey:** With respect, I think the point is rather an academic one because, sir, if real information is provided that dumping has taken place in the sort of circumstance that you outlined, sir, surely that is a case where the Deputy Minister would act on his own initiative. It says:

... shall forthwith cause an investigation to be initiated. . . on his own initiative . . .

**Mr. Danson:** Yes; except that it does say "on behalf of".

**Mr. R. Y. Grey:** But there are two.

**Mr. Danson:** I see.

**Mr. R. Y. Grey:** "On his own initiative", or "on receipt of".

On clause 13 (2)—*Notice*.

**Mr. Lambert (Edmonton West):** At the same time one sees that in subclause (2) the word is in the singular—the notice of the decision is sent to the complainant; whereas if there has been "receipt of a complaint in writing . . . by producers" then the written notice of the decision is to the complainant. Therefore, I presume that the singular and the plural are interchangeable here?

**Mr. R. Y. Grey:** I think it is correct, sir, that they are interchangeable. The complainant might be a tariff consultant of a trade association; one firm that has been nominated by the rest to speak on behalf of a group, or one firm that is the sole producer.

On clause 13 (3)—*Reference to Tribunal*.

**The Chairman:** Yes, Mr. Gillespie?

**Mr. Gillespie:** After receiving a decision from the Deputy Minister how long has the complainant got to refer the matter to the Tribunal?

• 2100

**Mr. R. Y. Grey:** It is to be prescribed by regulation, sir, and the regulation has not been drafted.

On clause 13 (5)—*Notice of Investigation*.

**The Chairman:** Yes, Mr. Harkness?

**Mr. Harkness:** In sub-clause section (5) notice is:

to be given to the importer, the exporter, the government of the country of export, the complainant, if any, and such other persons as may be specified by the regulations . . .

Is that now in these regulations, or are these other regulations that are being referred to here?

**Mr. R. Y. Grey:** No, sir, they are not in the regulations. None of these procedural regulations has yet been drafted. The words "and such other persons as may be specified by the regulations" were put in to allow the Deputy Minister to notify all possible exporters of the product who, through his knowledge of the trade, he may be aware of. It talks of the importer and the exporter. The government were required to do that under the Code. It seemed to use that, in addition to that, there ought to be a right under the law to notify anyone else that the regulations prescribe, and we had in mind other known exporters.

On Clause 16 (4)—*Tribunal guided by Canada's obligations*.

**Mr. Lambert (Edmonton West):** Could you give us an explanation of the import of this subclause, Mr. Grey?

**Mr. R. Y. Grey:** Mr. Chairman, under the Code in *Article 4* this paragraph attempts to define what is a domestic industry, what is production, by reference to which the impact of the dumped goods are to be assessed. The third line of this *Article* which is on page 15 of this White Paper makes this clear. It says:

• 2105

"domestic industry" shall be interpreted as referring to the domestic producers as a whole of the like products or to those of them whose collective output of the products constitutes a major proportion of the total domestic production. .

This was a major point in the negotiation of the Code. Other phrases, such as "a substantial proportion", "all or nearly all" of the domestic production, all of these phrases were examined and rejected since, in a sense, through this subparagraph we have imported this paragraph of the Code into Canadian law. That is the proposal. I suppose it will be for the Tribunal to determine what is a major proportion. In the negotiations the gentleman who proposed this term said that a "major proportion" meant in principle more than 50 per cent.



**Mr. Lambert (Edmonton West):** Subparagraph (ii) of paragraph (a) of *Article 4* reads:

(ii) in exceptional circumstances a country may, for the production in question, be divided into two or more competitive markets and the producers within each market regarded as a separate industry, . . .

That I suppose, would affect certain machinery production, for instance, in the lower mainland of British Columbia where there is a good deal of custom manufacturing for the industries there. There is also, for instance, in lumbering the manufacturing of similar type equipment in central Canada and, therefore you set up the two separate markets. The products from the two hardly cross one to the other because of the cost of transportation.

I have had that happen where, under the "class or kind" and that sort of thing, it is just nonsense to say there is a manufacturer in Ontario who makes this or potentially can make it, and the cost of transporting from Ontario out to Alberta or British Columbia is so prohibitive that you cannot consider them as being in the same market.

**Mr. R. Y. Grey:** Mr. Lambert, I was going to draw attention to the fact that there are two exceptions to this. You have discussed the second one which is, indeed, the important one. The first has to do really with the right to look at the impact of dumping on a segment of an industry, of dumping by the other producers who are also the importers.

**Mr. Lambert (Edmonton West):** Yes.

**Mr. R. Y. Grey:** You are dealing with second of these exceptions. I do not think it is a secret that it is this section of the Code which has given rise to some question in the United States. It is alleged that certain of the findings by the United States Tariff Commission which depended on their finding that injury that existed in a regional sense had been injured, that certain of the findings that they had previously made, if made now, under the Code could not be made, because these criteria are alleged to define regional industry in a more rigorous manner than that under the Tariff Commission heretofore. This is a subject on which we are having consultations with the Government of the United States.

As I indicated before, Mr. Lambert, I really would like to revert to that in the question of the appropriateness of this provision in the draft Bill when those discussions have been concluded, which I do not think will be for several weeks.

On clause 16(5)—*Notice of order or finding.*

• 2110

**Mr. Burton:** On this clause I want to enquire what provision there is for publication of and access to the orders and findings of the Tribunal. I could not locate any specific provision for the publication, whereas I note from page 64 that when the Deputy Minister makes a preliminary determination and takes further steps he causes notice to be published in the *Canada Gazette*. On page 62, when he initiates an investigation of dumping, notice of this is also to be published in the *Canada Gazette*.

**Mr. R. Y. Grey:** Mr. Chairman, I think it is clause 25 on page 82 which provides the Tribunal with the power to make rules for the manner of conducting any business before it. It would be my view, certainly, that the orders or findings of the Tribunal, like the determination of the Deputy Minister, would be published and I think it would be the normal practice that they would appear in the *Canada Gazette*.

If somehow the draftsmen have neglected to make this perfectly clear, it will certainly be rectified because an order or finding of the Tribunal certainly is required to be made public under the Code and that would be the normal method by which an instrument which has the effect of imposing a tax would be made public in Canada. I think it is within the power of the Tribunal to make such a finding for itself and that power is in clause 25.

**Mr. Lambert (Edmonton West):** May I make a supplementary point? I think Mr. Burton has a very good point here in that there would be nothing that would force the Tribunal, though, to make such a regulation and it is quite conceivable, in addition to those persons named in this particular subsection—that is, the Deputy Minister, the importer and the exporter and such other persons as may be specified by the rules of the Tribunal—there might be still some other persons adversely affected if it were not to be published in the *Canada Gazette* and that they would not receive themselves a copy of the order. Surely, if the preliminary notices, and so on, are to be published in the *Canada Gazette* the final notice or determination should appear there too.

**Mr. Burton:** Mr. Chairman, I think it would be desirable to have this set out clearly in the legislation.

**The Chairman:** Mr. Grey will make a note of it.

On clause 18—*Finality of determination and appraisal.*



**Mr. Lambert (Edmonton West):** Mr. Chairman, there is something that nags me here. Is there a provision for appeal from a decision of the Tribunal or those of the Dominion Customs Appraiser with regard to the determination of whether the goods are of the same description as the goods or description of goods to which the order or finding applies, and as to the appraisal. Because it says:

made upon the entry is final and conclusive unless the importer,

The reason I say that is that I recall very well in 1961 a great deal of controversy with regard to the decision of the Minister being final. There was objection to that. That was because goods were of a class or kind, and for good and many reasons advanced and for efficacy and so forth it was determined that that should be the case, that the Minister's decision should be final. Is that the same in this particular case?

• 2115

**Mr. R. Y. Grey:** Mr. Chairman, the answer is no. These clauses at the beginning of page 74 read together will be found to parallel the existing provisions of the Customs Act. Their meaning is that after there is a determination that a certain category of goods has been dumped, and that this dumping causes or has caused injury, and the dumping duty is levied by this Act, then each importation of those goods must be subject to scrutiny and the Department of National Revenue must determine, first of all at the level of the Dominion Customs Appraiser, the Dominion Customs Appraiser concerned with that particular import, that the goods do fall within that description of goods set out in the order or finding; and secondly, he must determine the margin of dumping on that particular import. Those two matters are subject to appeal up through the Deputy Minister to the Tariff Board on a point of law to the Exchequer Court, just as value for duty and tariff classification are now under the Customs Act. These provisions are listed almost word for word from the existing appeal provisions of the Customs Act. Really we are placing normal value on export price, putting that phrase in instead of value for duty.

I assure you, Mr. Lambert, nothing has been added and nothing has been taken away in this particular case.

**Mr. Lambert (Edmonton West):** Perhaps per incuriam something was left where it was sought to give the Minister the ultimate decision and final decision as to class or kind, and actually is there not a parallel

here that they will find a class or kind because they will be of a class of goods found by the Tribunal. I am just wondering whether the reasons that were then deemed to be valid by the administration are now deemed to be valid for the same principle, for the same reason.

**Mr. R. Y. Grey:** The answer, Mr. Chairman, is no. This is exactly analogous to the problem that faces the Dominion Customs Appraiser when he has to classify goods. He is faced with a description of goods.

I think there are 2,800 separate subheadings in the Canadian Tariff, and on every import someone has to make the initial decision as to whether or not those goods fall under this tariff heading or that tariff heading. The question of whether or not they fall within the description of goods set out in the order or finding of the Tribunal is I think an exact analogy with that kind of mental process. The question of the margin of dumping is analogous to finding the difference between the value for duty and the selling price now.

We have taken the appeal provisions governing value for duty and tariff classification in the Customs Act and simply transliterated them into this draft bill. The importer has the right to appeal that his goods do not fall within that description of goods or that the margin of dumping is something different, either that he has lowered the normal value or that the export price is changed, or some other point of fact or law. He has the full right to go on points of law to the Exchequer Court on those matters.

What he does not have an appeal on is the question of whether or not the dumping, if it is occurring, is injurious. And I would suggest, Mr. Lambert, that, in fact, we have provided for more scrutiny and for more appeal to the normal processes of the law on this matter certainly than in the United Kingdom, and I would have thought as much, if not more than in the United States.

**The Chairman:** Mr. Herb Gray?

• 2120

**Mr. Gray:** Under the Act then, just to see if I understand this correctly, the question of the description of goods and the question of appraisal of goods to determine the normal price or export price, is not the task of the Tribunal. It is the task of the Customs administration. If the decisions of this sort by the Dominion Customs Appraiser are not satisfactory, in effect there is an appeal to the Deputy Minister. If the persons involved are still not satisfied, then under Section 19

there is an appeal to the Tariff Board, with a further appeal under Section 20 to the Exchequer Court on a question of law.

Is my understanding of the scheme correct?

**Mr. R. Y. Grey:** That is correct, yes.

**The Chairman:** Clause 18, Finality of determination and appraisal.

Page 74, Review by Dominion Customs Appraiser, Review by Deputy Minister, Re-determination or re-appraisal.

Page 76, Effect of re-determination or re-appraisal. Yes, Mr. Lambert.

**Mr. Lambert (Edmonton West):** In 4(d), Mr. Grey, it says:

(4) (d) in any other case, where the Deputy Minister deems it advisable within two years of date of the entry of those goods.

Is this following a pattern that exists now, because that seems to be a terribly long time. In most instances, with the exception of perhaps turbo generators, equipment that may take a great deal of time to install and so forth, and shall we say, the contract for the installation thereof is still current and so forth, and the transaction is not closed. But it would seem to me that in the normal course of events the transaction would have been long closed and almost forgotten at the end of two years. There may be—likely there is a good explanation for this, but I would like to know what it is.

**Mr. R. Y. Grey:** Well, Mr. Chairman, it is modelled precisely on sub-section (4) of Section 43 of the Customs Act which I believe was revised in 1955. It is:

(d) in any other case, where he deems it advisable within two years of the date of the entry of those goods.

I must say that the draftsmen looked uncritically, I think, at these sections. They simply decided that the existing appeal provisions should not, as a matter of policy, be limited. There should be the same, at least as good appeal provisions as there are now, so they were taken over holus-bolus. That provision which is marked on my copy of the Customs Act as "new 1955" was taken over with just the change from classification to description, and so on.

**Mr. Lambert (Edmonton West):** Thank you.

**The Chairman:**

On clause 19(1)—*Appeal to the Tariff Board.*

**Mr. Lambert (Edmonton West):** Mr. Chairman, I am going to make the appeal that I was making the other day. Why is it that the provisions are that the period during which an appeal will be filed will be so many days from the day on which a decision was made when there are problems of communication to the far reaches of the country in many instances and now there are restrictions on postal service? I can give you classic examples, Mr. Grey. Under the Immigration Act the period of appeal is much shorter. There was a postal strike this summer and the Immigration Appeal Board and, no doubt, the Tribunal here or the Tariff Board would not recognize the existence of the postal strike and said: The act says that the period of appeal shall be so many days and that is it. We had certain cases where we had to go cap in hand to the Supreme Court of Canada for leave to enter an appeal because the judgment of the Immigration Appeal Board and the reasons therefor could not reach the appellant, the person concerned or their solicitors within the prescribed time. Again, I think this has a bearing here. True enough, the period is 60 days but I think that the people across the country should be treated equally and that they should not be penalized by geography. I am wondering why there is such an insistence on the period of appeal being so many days from the making of the decision and not the delivery of the decision to the parties concerned.

#### • 2125

**Mr. R. Y. Grey:** Mr. Chairman, I find it difficult to comment on Mr. Lambert's question because, again, we took it completely from the existing provisions of the Customs Act which provides 60 days. But if the Committee so wished I will consult the Chairman of the Tariff Board to find out whether in fact in his long experience as Chairman it has been represented that that period is too short, and I would certainly be prepared to report to the Committee on that.

**Mr. Lambert (Edmonton West):** Mr. Grey, I am not suggesting that the period of 60 days is too short but that persons concerned living in Toronto, Montreal, or Ottawa should have no advantage over people living in Vancouver or Edmonton. I can assure you I have some very grievous complaints about how fast air-mail special delivery will work. I just had a bad case this past week. It does not work. A dog team could take it just as fast. This was a case of Mr. Kierans, actually in reply to my complaints under the recent Postal Bill,



saying, that he hoped that he could take it up with the various ministries that had provisions in their acts, such as this, so that they might, shall we say, introduce a little more equity.

**Mr. R. Y. Grey:** I have made my comment.

On clause 20(1)—*Appeal to Exchequer Court on question of law.*

**Mr. Lambert (Edmonton West):** The same thing applies here—the automatic appeal to the Exchequer Court.

**The Chairman:** Yes, on questions of law.

**Mr. Lambert (Edmonton West):** And, again, the question of 60 days from the making of an order.

On Clause 20(3)—*Application of section 45 Customs Act.*

**Mr. Gray:** Just for the record, perhaps Mr. Grey could give us some indication of what section 45 of the Customs Act says.

**Mr. R. Y. Grey:** Mr. Chairman, it deals with such matters as who may appeal, service, substantial interest, how to enter an appearance and so on. There are three and a half pages of procedure setting out the rights of all parties concerned and the draftsmen recommended that this was the simplest way to import this whole provision objectionable as legislation by reference may be.

**The Chairman:** We will now proceed to page 80, Part III—Anti-Dumping Tribunal.

On Clause 24—*Head Office.*

**Mr. Gillespie:** Mr. Chairman, may I ask Mr. Grey, whether in his opinion, he feels that there would be a substantial increase in staff required to administer this Act over that of the previous Act.

**Mr. R. Y. Grey:** Mr. Chairman there will have to be some staff for the Tribunal but whether, after an initial period of, say, six months, there will be a decrease in staff or an increase, I do not know. I do not think this question can be answered until after the initial period has passed. Obviously, there will be a net increase in the work to be done in, say, the first five or six months as we convert from the system that has grown up since 1904 to really a completely new system. The question of how much staff is required for the Tribunal is a matter that is being discussed with

the Treasury Board at this moment. It will not be a large staff. We will have to wait and see whether six months from now it turns out that there is a reduction in the staff of the Department of National Revenue—I think we will have to wait that long.

**Mr. Gillespie:** What has been the experience of other countries that have had a six months lead on this?

**Mr. R. Y. Grey:** Mr. Chairman, I do not suppose there was any increase in staff required in the United States because the main change required of the United States to adhere to the Code was a change in the procedures regarding appraisement, provisional measures and so on applied by the United States Treasury, and I do not suppose that any increase in staff was required for that. In the United Kingdom I am not aware that there has been any increase in staff in the dumping division of the Board of Trade department which deals with this particular work.

This is a more fundamental change in the structure of law than for those two countries. It may well be that for an initial period, particularly if some importers are under the impression that because of the retroactivity provisions they can dump with impunity regardless of whether or not they are injuring Canadian producers, there may be quite a lively business for a few months, and whether that means a net increase in staff or merely that the other work will not get done, I do not know.

**The Chairman:** Mr. Lambert?

**Mr. Lambert (Edmonton West):** On that particular point, the Department of National Revenue has quite effectively been looking after the anti-dumping provisions in our law. Now we propose to take some of that work away from them although there will still be duties that will devolve upon the Department of National Revenue consequent upon findings, and so on.

• 2135

It seems to me that we are here setting up a nice little empire. Although there may, to start with, be an amount of business that may put a strain on the staff and the staff may be deemed to be small, it has never been the experience that those staffs get any smaller but rather that they grow.

Looking at comparable tribunals or boards such as the Tax Appeal Board and perhaps the Tariff Board and several of the others, we can see that they become



quite sizeable structures and particularly for the members of the board, naturally, the salaries to be paid will have to be quite substantial in order to get the required quality of men. They will certainly be in excess of that of members of Parliament, that is for sure.

**Mr. Perrault:** Mr. Chairman, if I may comment, I think that the establishment of a tribunal with emphasis on the staffing of it with men of independent thought will be hailed by those in industry. It is a good feature. Presumably the economy is going to expand as well. I have, however, a question on clause 21 that I did not notice at the time. Within the context of this proposed act what does the expression "good behaviour" mean? We find the words in 21(4):

Any member is eligible to be reappointed to hold office during good behaviour for any term of seven years or less,

That term is also used in sub-clause (2). I know it is standard in many acts. Sub-clause (2) reads:

Subject to subsections (3) and (4), each member shall hold office during good behaviour for a period of seven years.

When does good behaviour cease? When is there bad behaviour?

**Mr. Givens:** That is to cut out all that moral turpitude!

**Mr. Perrault:** I am interested in the phrase. It has been used rather freely here. Who makes the determination of when someone ceases to behave well? And what are the grounds for dismissal? If the tribunal is going to be independent then how vulnerable is it going to be? That is a fair question.

**Mr. R. Y. Grey:** Mr. Chairman, I believe that the other standard phrase is "during pleasure".

This is to make clear that unless there is good cause, in terms of misbehaviour, a member of a tribunal cannot be removed. I believe this is a conventional statutory phrase.

**Mr. Perrault:** I know it is a conventional phrase but in its application to this independent tribunal which we hope to establish does "misbehaviour" relate to the presenting of an opinion which may have been influenced by some commercial pressures? I am just interested in the determination of "bad behaviour".

**The Chairman:** Yes, Mr. Gray?

**Mr. Gray:** Perhaps we are creating difficulties for Mr. Grey by asking for his opinion on these words which, I think, have had some interpretation in law in the courts, and so on. Perhaps we might invite Mr. Calof, the Treasury Solicitor, or some of the other legal advisers in the Department, to present a memorandum dealing with these phrases. We could have it printed in our records. These phrases are quite commonly used, at least in British Commonwealth nations, in drafting terminology designed to denote the ease, or the lack of it, with which an official can be removed. Where the phrase "hold office during good behaviour" is found it means that the official is much less easy to remove than if he holds office "during pleasure". That is the matter that Mr. Lambert would appear to . . .

**Mr. Givens:** You need a joint address of Parliament to remove a judge.

**The Chairman:** Mr. Perrault?

**Mr. Perrault:** My question stemmed from the fact that there has been a widespread feeling throughout Canada that it is desirable to have this independent tribunal. I would appreciate a legal definition of it as Mr. Gray has proposed. I know it is common terminology, but it is very important that we know what we are talking about when we provide safeguards to the independence of this body.

**Mr. R. Y. Grey:** Certainly to the laymen "pleasure" and "good behaviour" do not necessarily go together.

**Mr. Perrault:** That is exactly my point.

**The Chairman:** Mr. Dancy?

• 2140

**Mr. Dancy:** Mr. Chairman, I would . . .

**The Chairman:** Just a moment, gentlemen. I have no objection to your making your comments but they may make it difficult for our personnel to identify you. Yes, Mr. Grey?

**Mr. R. Y. Grey:** Mr. Chairman, I will ask the Treasury solicitor or senior officers of the Department of Justice if they are prepared to write an essay on the subject of "good behaviour" and "pleasure".

I would point out however, that this language is taken largely from the National Energy Board Act. The

whole set-up of this section was modelled on the National Energy Board Act, which happens to be a tribunal exercising the important quasi-judicial functions not so far removed from this; that is, making important economic decisions. The draftsmen found the National Energy Board to be the one most similar to this body.

**The Chairman:** Have you finished, Mr. Perrault?

**Mr. Perrault:** Yes, I have finished.

**The Chairman:** Mr. Burton?

**Mr. Burton:** Mr. Chairman, I just have one question on subclause (1) of clause 21 at page 80. It is my understanding of this subclause that it really makes it obligatory to have a tribunal of no less than five members. Do I correctly understand that it is expected that in the long run, even after the initial period of operations to which you referred, there will be good cause, in terms of the workload, to have a council of five members at all times, or was it considered that this number was required to obtain good balance on the tribunal?

**Mr. R. Y. Grey:** Mr. Chairman, one of the many changes which the draftsmen have in mind is that this section should read "consisting of not more than five members". There will be a number of changes that the draftsmen will wish to introduce to this Committee, and that is one of them.

**Mr. Burton:** Thank you.

**The Chairman:** Mr. Dancy?

**Mr. Dancy:** Relative to the proliferation of any group within the tribunal that has to be set up, could we not use machinery such as that set up for the Kennedy Round negotiations? There is some kind of tribunal there, although it is not called a tribunal.

**Mr. R. Y. Grey:** Mr. Chairman, the board to which you refer which, I think is called the General Adjustment Assistance Board and set up by an Order in Council was taken out of the Department of Industry Act. There the Minister, or it may be the Governor in Council, nominates an outside person as chairman, but the deputy ministers are members. It has the advantage of being presided over by a distinguished citizen from outside the Government, but it is, in effect, a Government board.

It is an independent tribunal making decisions which can really only be appealed in one direction that is to

the Governor in Council. It was therefore considered that is ought to be much further removed from the taint of bureaucracy.

**The Chairman:** Have you finished, Mr. Dancy.

**Mr. Dancy:** Yes, thank you.

On clause 25: *Rules*.

**The Chairman:** Yes, Mr. Lambert?

**Mr. Lambert (Edmonton West):** May I ask that provision be made in that section whereby the rules of the tribunal shall be tabled by the minister responsible and shall be tabled in the House?

This Committee can then have a look at them, as we do with the Immigration Appeal Board and with a number of others which make rules for conduct. In that way we can re-examine them.

**Mr. R. Y. Grey:** Mr. Chairman, I take note of the point made by Mr. Lambert. There is, however, no minister to whom this tribunal is responsible.

#### ● 2145

This is a completely independent tribunal which, in fact, when it makes a finding imposes a tax and does not report to any minister; nor is it in any way under the jurisdiction or guidance of any minister.

**Mr. Perrault:** Mr. Chairman, someone must answer in the House for the activities of this Tribunal. There must be one minister . . .

**Mr. Lambert (Edmonton West):** After all, the Estimates of the Income Tax Appeal Board come under those of the Minister of National Revenue.

**Mr. R. Y. Grey:** Mr. Chairman, I wonder if Mr. Lambert would allow me to look into this matter a little further?

**Mr. Lambert (Edmonton West):** I have made a plea.

**Mr. R. Y. Grey:** The Tariff Board Estimates are printed alongside the Estimates of the Department of Finance.

**Mr. Lambert (Edmonton West):** Yes.

**Mr. R. Y. Grey:** And reverting to an earlier point, you said that no staff was ever cut. I think you will find that the staff of the Tariff Board has been cut.



That is just by comment in passing. But I think the question of what department this body's Estimates should be printed with in the Estimates book has not been considered by the draftsmen. We will look into it further.

**The Chairman:** Clause 26, page 82, Secretary. Page 84, Officers and employees.

**Mr. R. Y. Grey:** I think, Mr. Chairman, that we took most of this procedural material from the National Energy Board Act. It happened to be about the most recent Board exercising an analogous power.

**Mr. Lambert (Edmonton West):** And could you tell us, Mr. Grey, whether the employees and the officers will be members of the Public Service, or are they what are now called Treasury Board Minute people whose scales of pay are determined by the Treasury Board, as against within the Public Service. For superannuation they are "deemed" to be persons employed in the Public Service, but in clause (2):

The Governor in Council may, upon the request of the Tribunal, provide the Tribunal with the services of such officers and employees employed by or in any agency or department of the Government of Canada as are necessary for the proper conduct of the business of the Tribunal.

And the question now is, are these people going to be part of the Public Service of Canada as such, with the positions open for competition under the Public Service, or are they, as I said, Treasury Board Minute people.

**Mr. Grey:** They would be members of the Public Service. The problem facing us here is whether we should establish a separate body, analogous to the Tariff Board, with a completely separate staff which does not draw upon material available in other government departments and which conducts its own investigation, a completely self-contained unit, or whether it should be a tribunal that has a small secretariat who are members of the Public Service—that is, the officers, junior to the Secretary—and then the deputy ministers of the various departments may, within the present power they have under the present Public Service legislation, assign individual officers to work under the direction of the Tribunal. That seemed to us to be an appropriate procedure when we had no way of knowing whether the initial work load would be very heavy or very light and what the continuing work load would be.

Whether we need 40 people to do the work of this body or whether we need three people, I think, sir, there is no way of knowing. This provision was drafted so that members of the Public Service can be assigned to work for the Tribunal, and when they are assigned by the Deputy Minister to work for the Tribunal they are under the direction of the Tribunal. I think that is the meaning of these clauses, but they are members of the Public Service.

**Mr. Lambert (Edmonton West):** They may be withdrawn.

**Mr. R. Y. Grey:** And they revert to their function in their existing departments.

**The Chairman:** On the same page, Superannuation, Experts.

Clause 27, Tribunal a court, Power as to witnesses, etc., Court of justice.

Clause 28, page 84, Hearing and taking of evidence, Report to Tribunal.

Page 86, Making of order or finding.

Clause 29, page 86, Right to appear, Hearing may be in camera, Confidential evidence not to be made public.

**Mr. Danson:** Would that include the complainants?

**The Chairman:** Yes, Mr. Danson.

**Mr. R. Y. Grey:** I think it is a matter for the Tribunal to decide, sir, whether the nature of the material is confidential, no matter what its source.

**Mr. Danson:** There could be a tricky situation here where a supplier could be making a complaint about goods being purchased that he suspects are being dumped by a customer. This would not necessarily endeavor him to the customer for future negotiations, but would this be at the Tribunal's discretion or could the complainant ask that it be kept confidential?

**Mr. R. Y. Grey:** I think I may need to have advice from the Treasury Board's solicitor on this, but I think that it is impossible to keep the identity of the complainant secret either at the stage where he gives information to the Deputy Minister of National Revenue at the beginning of this whole process, or at this stage. But, of course, it may well be that much of the information he provides is, by its nature, confidential and deemed so by the Tribunal.



The point has often been made to us that in a country the size of Canada there will be much embarrassment over complaining. It may be that many of the complaints will therefore be private in character to the Deputy Minister, and the Deputy Minister may be, at the initial stage, acting on his own initiative in initiating an investigation.

**Mr. Danson:** It could be rather important to the extent to which people would complain or make appeals in this case if they were assured of some degree of secrecy. They would be more likely to do so, and in a short-term interest they might think it advisable to complain, but in a long-term interest they might just let it slip by. We might be defeating the spirit of the legislation in this respect.

• 2155

**Mr. R. Y. Grey:** I think it is the case, sir, that Canadian exporters have often felt that if there were more publicity about the complaints made about them and their dumping or alleged dumping in foreign markets, their interests would be better protected and, of course, such an assertion works both ways. Either there is to be a degree of publicity about these matters or there is not, and it was one of the main thrusts of the negotiation that there should be more publicity, more openness of hearing, more justice seen to be done in the United Kingdom and in Europe than heretofore. I think that, by and large, the Canadian business community, in the representations they made to the Department of Finance as to the negotiators, felt that there was something to be gained by agreeing on some minimum procedures for publicity and publicity hearings, and the balance was struck in the Code between the sort of circumstance you outlined and the need to insure some kind of openness of hearings where Canadians are dumping abroad.

**Mr. Danson:** And this presently then is at the discretion of the Chairman of the Tribunal.

**Mr. R. Y. Grey:** If you mean as to whether the evidence is confidential, it is at the discretion of the Tribunal.

**Mr. Danson:** That is the evidence but not the complaint itself.

**Mr. R. Y. Grey:** You mean, the identity of the complainant?

**Mr. Danson:** Yes.

**Mr. R. Y. Grey:** Or information that goes to the identity of the complainant.

**Mr. Danson:** Yes.

**Mr. R. Y. Grey:** I think that it is in fact very difficult to keep that secret or confidential throughout the whole process.

**Mr. Danson:** I am just wondering how important this really is. However it is a point that I can see could cause some difficulties.

**Mr. R. Y. Grey:** Well, sir, it proved impossible in the negotiations to negotiate a Code where we had maximum publicity abroad and maximum protection against dumping by privacy at home. That was the difficulty the negotiators faced and they followed a middle course between extreme publicity which was urged by the United States and the degree of secrecy that was urged by certain other countries.

**The Chairman:** Are you through, Mr. Danson?

**Mr. Danson:** Yes.

**The Chairman:** If you have no objection, gentlemen, it is time to adjourn. We will resume our sitting tomorrow afternoon at 3:30 p.m. in the same room.

If we are through with Mr. Rod Grey, I am informed that Mr. Labarge, Deputy Minister, Department of National Revenue, Customs and Excise Division, will be available to the Committee.

Thank you very much, Mr. Grey. Thank you, gentlemen.

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**OFFICIAL REPORT OF MINUTES  
OF  
PROCEEDINGS AND EVIDENCE**

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**ALISTAIR FRASER,**  
*The Clerk of the House.*

HOUSE OF COMMONS  
First Session—Twenty-eighth Parliament  
1968

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STANDING COMMITTEE  
ON  
**FINANCE, TRADE AND ECONOMIC AFFAIRS**

*Chairman:* Mr. GASTON CLERMONT

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MINUTES OF PROCEEDINGS AND EVIDENCE  
No. 6

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TUESDAY, NOVEMBER 5, 1968

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*Respecting*  
WHITE PAPER ON ANTI-DUMPING

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WITNESS★

Mr. R. Y. Grey, Assistant Deputy Minister, Department of Finance

ROGER DUHAMEL, F.R.S.C.  
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
OTTAWA, 1968



STANDING COMMITTEE ON  
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Givens,  
Gleave,  
Gray,  
Hales,

Harkness,  
Lambert  
(Edmonton West),  
Latulippe,  
Perrault,  
Roberts,  
Trudel—20.

Dorothy F. Ballantine,  
*Clerk of the Committee.*

## MINUTES OF PROCEEDINGS

TUESDAY, November 5, 1968.

(8)

The Standing Committee on Finance, Trade and Economic Affairs met at 3:55 p.m. this day, the Chairman, Mr. Clermont, presiding.

*Members present:* Messrs. Burton, Clermont, Comtois, Danson, Downey, Énard, Gillespie, Givens, Harkness, Perrault, Roberts, Trudel—(12).

*Also present:* Mr. Ritchie.

*In attendance: From the Department of Finance:* Messrs. R. Y. Grey, Assistant Deputy Minister, and C. D. Arthur, International Economic Relations Division.

*Also in attendance: From the Department of National Revenue (Customs and Excise):* Messrs. R. C. Labarge, Deputy Minister; A. R. Hind, Assistant Deputy Minister; M. T. Keam, Director, Customs Appraisal Division; H. D. MacDermid, Chief Valuation Section; *From the Department of Trade and Commerce:* C. J. Kelly, Office of Area Relations; *From the Department of Industry:* V. R. St. Louis, Commercial Policy Division.

The committee being one member short of a quorum, the members agreed to continue questioning the witness, Mr. Grey, on the draft anti-dumping bill on an informal basis.

After a time the Chairman having noted that a quorum was now present, on motion of Mr. Trudel, seconded by Mr. Roberts,

*Resolved,*—That the evidence adduced earlier this day and at the meeting of November 4, 1968, be considered as part of the official record of this Committee.

The questioning continuing, and having been concluded, the Chairman thanked Mr. Grey, who was permitted to retire, subject to recall.

At 4:50 p.m. the Committee adjourned until Thursday, November 7, 1968, at 11:00 a.m. at which time the witness will be Mr. Labarge, Deputy Minister of National Revenue.

Dorothy F. Ballantine,  
*Clerk of the Committee.*





## EVIDENCE

*(Recorded by Electronic Apparatus)*

**Tuesday, November 5, 1968**

• 1559

**The Chairman:** Gentlemen, we will now start our meeting.

Last night when the meeting was adjourned we were dealing with clause 30 on page 86, Advice of Panel to be sought; membership of panel.

**Mr. Danson:** Mr. Chairman, I have a supplementary on a question I asked last night because when I got home I gave it a little more thought. It is in relationship to the secrecy of the complainant. I appreciate the comments which were made about secrecy and the creative tensions between secrecy and full disclosure and publicity. I think this could result in a rather difficult situation and one that could be quite inhibiting unless the name of the complainant could be kept confidential at his request because more and more, as you think about this, there probably will be many cases where complainants will be complaining about something to their customers and rather than create ill will and have the door shut on them for future business, they likely will keep quiet about it.

In thinking about this later last evening I felt the answer, perhaps, dealt more with the secrecy of the testimony and the details rather than the complainant himself. I wonder if this could be thought out a little further. This is hardly a question, but I think there is a point to be made.

• 1600

**Mr. R. Y. Grey (Assistant Deputy Minister, Department of Finance):** Mr. Chairman, since last night I have had a look at what is the practice in the United States and it appears that the Treasury Department that carries out in regard to the United States anti-dumping law the functions analogous to the Department of National Revenue in Canada has the right to keep the name of the complainant confidential if he requests it and the Secretary of the Treasury believes that it is, in fact, prejudicial to his business interests. We

are, therefore, considering whether the Deputy Minister of National Revenue, if he receives a request to keep the name of the complainant secret and if such a request is warranted, he should have the power to do so.

With regard to the Tribunal, it seems to me that this is a matter which would fall within the proposed rule-making powers of the Tribunal and it should be a matter which might be left to the discretion of the Tribunal, when it is established, as part of their whole procedural arrangements.

The United States Tariff Commission does have its own rules of procedure which it makes itself without any further oversight or scrutiny. I have not had an opportunity to look at them in relation to this point, but I think it is a fact that it has not been, as a practical matter, possible to keep the identity of the complainant secret at the stage it is moved into an inquiry into possible injury, but, no doubt, there will be many cases of alleged dumping which the Deputy Minister of National Revenue will see fit to investigate which will not go further than his investigation.

He will find out that it is not dumping and it might well be that it would be in the interest of the sort of person in the sort of situation you described to provide the Deputy Minister with authority to keep the name of the complainant confidential.

So, Mr. Chairman, this is one of the many matters which has arisen in front of the Committee which the draftsmen will be looking at and on which they will be reporting back to the Committee.

**Mr. Danson:** Would the complainant, if the Deputy Minister decided the evidence was not adequate to keep his name confidential, then have the option to withdraw his complaint?

**Mr. R. Y. Grey:** Mr. Chairman, that would depend at what stage the investigation had reached. As the Bill is drafted now, it says that the Deputy Minister shall forthwith cause an investigation to be initiated. If he receives a complaint or on his own initiative

if he has reached certain opinions and has formed a judgment about the state of the evidence, he does not have the option not to proceed with an investigation if he is of the opinion that there is evidence of injury and he is of the opinion that there is evidence of dumping. There is a possible difficulty in the drafting there.

**Mr. Danson:** This could be critical to the effectiveness of much of it, I would think.

**Mr. R. Y. Grey:** It could, yes.

**The Chairman:** Are you finished, Mr. Danson?

• 1605

**Mr. Danson:** Yes, I am, thank you.

**Mr. Harkness:** In regard to clause 30, this Panel of five Deputy Ministers which has to be consulted before the Tribunal can make an order or finding would appear to be a means of enabling these Public Servants, we will say, to keep a finger on the Tribunal and make sure that they do not give any ruling which is contrary to departmental policy. Is that the object of this clause?

**Mr. R. Y. Grey:** Mr. Chairman, there were times when some of the draftsmen have wished it was the object.

**Mr. Harkness:** I beg your pardon?

**Mr. R. Y. Grey:** There were times when some of the draftsmen have wished it was the object. The purpose of this clause was to provide some formal mechanism by which the Tribunal would have made available to it information about the state of economic activities in a particular industry in Canada, so that it would not make its decisions in the absence of information available within the government departments. But it is quite clear that this Tribunal is not bound by this advice. They are bound to seek the advice, but they are not bound by the advice.

**Mr. Harkness:** Yes, subclause (3), of course, makes that very clear, but the fact they are not bound by the advice is what prompted my question, if this was designed to act as a form of brake on their decisions or whether, as you explained, it was designed merely to ensure that they have information available.

**Mr. R. Y. Grey:** I think that is correct, Mr. Harkness.

**Mr. Harkness:** Subclause (2) says:

The Panel shall as soon as possible consider any matter relating...

but there is no deadline laid down. In other words, it would seem to me it would be quite possible for the Panel not to consider the matter or not to give its advice for some indeterminate time and thus the finding of the Tribunal would not go into effect.

**Mr. R. Y. Grey:** I speak subject to correction, Mr. Harkness, but I think the Tribunal is instructed to seek the advice of the Panel and the Panel is instructed to render this advice as soon as possible. I would have thought if the Panel does not render its advice within the 90 day period, in the case of a formal inquiry, then the Tribunal is nonetheless bound by the clauses which say it must make its decision within 90 days.

**Mr. Harkness:** So you think there is a 90 day limitation of time here in any event?

**Mr. R. Y. Grey:** I would think so and presumably the Chairman of the Tribunal in making an order or finding would draw public attention to the fact that it had sought advice and not received it from this Panel.

**Mr. Harkness:** Then, there would seem to be a contradiction. Clause 30 says that the Tribunal before making any order has to consult the Panel and get its advice.

**Mr. R. Y. Grey:** Mr. Harkness, it says: "Shall seek the advice". If the Panel for some unknown reason does not render this advice within the time period concerned, I do not think that absolves the Tribunal of its formal responsibility to make an order or finding, at least, that was the intention of the draftsmen. It was also the intention of the draftsmen that the Deputy Ministers will render their advice as soon as possible.

**Mr. Harkness:** It seems to me the wording is a little ambiguous. Possibly it might be improved and there might be some other time limit put into subclause (2) so that there would be no question in regard to the matter.

**Mr. R. Y. Grey:** Mr. Harkness, the advice of the legal officers that "as soon as possible" was a term like "forthwith". It does mean within a very short time span. Now, if one were to say, "within 10 days" or "within 12 days", that might be really quite unrealistic. Judging by experience in related matters where deputy ministers have to give advice,



not under law, but as a matter of policy have to give advice, that advice is rendered as soon as possible. For example, in the question of whether or not imports of United States corn were injuring corn production in Canada it was certainly the case that the advice of the Deputy Minister of Agriculture was the key advice necessary in terms of the economic impact of American corn and that advice was certainly rendered as soon as possible. It seems to me that that is the way the various departments will operate.

**Mr. Harkness:** I do not think there is any question about the intention, but my only question is whether the words that appear here are going to carry that intention into effect.

• 1610

**Mr. R. Y. Grey:** Well, Mr. Harkness, if a phrase can be found that is stronger than "as soon as possible" and yet does not create an additional legal problem by creating a formal time limit, meaning if they rendered their advice after that it might not have the status of advice, I think the draftsman certainly will want to look at it. "As soon as possible", we are told, is really a very strong term.

**Mr. Harkness:** It may be strong, but it is also very indefinite.

**The Chairman:** At the top of page 88, subclauses (2) to (5) inclusive, Panel to advise; Advice not binding; Rules; Assignment of Deputy Minister's duties. (See *Minutes of Proceedings*.)

On Clause 31—*Orders and findings final*.

**Mr. Harkness:** Mr. Chairman, clause 31 leaves me quite confused as it would appear under subclause (2) that the Exchequer Court has exclusive original jurisdiction and in subclause (3) it says that an order of finding of the Tribunal is not subject to review by *certiorari*, prohibition, or *mandamus*, the very things which in the previous clause the Exchequer Court is given power to do. So, on the face of it, it looks as though one clause cancels the other.

**Mr. R. Y. Grey:** Mr. Chairman, on this particular point, I think the practical impact of this is that if the Tribunal, having referred to the preliminary determination of the Deputy Minister, simply does not function, then the interested parties to have recourse to the Exchequer Court to order the Tribunal to carry out its function under the Act.

On the other hand, when they carry out their function and they issue an order or finding on whether or not there is injury, that order or finding is not subject to appeal to the Exchequer Court. That is the meaning of subclause (3). It says: "An order or finding of the Tribunal is not subject to review...", but subclause (2) provides the customary right for the Exchequer Court to order this quasi-administrative body to do its job. There has to be some way this body can be got at if it simply fails to function.

**Mr. Harkness:** Yes, but there is nothing in this wording in regard to it failing to function. In fact, it says definitely, "to any order or finding of the Tribunal", which I think infers that the Tribunal has functioned. It has issued an order, or it has issued a finding; somebody has found this injurious and they then have applied to the Exchequer Court to determine whether this application should be prohibited or something else.

**Mr. R. Y. Grey:** As I understand it, Mr. Harkness, the purpose of subclause (2) is to make it clear that the Exchequer Court is the body to whom one applies if one feels that the Tribunal is not functioning or functioning outside the law. However, if it functions within the law, its order or finding going to the substance of a question of injury, is the one thing that cannot be got at in the Exchequer Court. On the question of injury the Tribunal is the court of last resort.

**Mr. Harkness:** Whatever the intention, I think you would agree that a reading of these two subclauses certainly makes it appear as though one cancels the other.

**Mr. R. Y. Grey:** Mr. Harkness, I am assured by the lawyers that that is not so.

• 1615

**Mr. Harkness:** I am not a lawyer, but I would think that clauses in a Bill should be sufficiently clear so that the meaning is reasonably apparent to the layman as well as to a lawyer. In this particular case I just cannot see anything except a flat contradiction between the two.

**Mr. R. Y. Grey:** Mr. Chairman, the notes that were provided by the legal advisers for my use here—I did try to put them in layman's language because I am not a lawyer either—say that subclause (1) provides that an order or finding of the Tribunal is final and conclusive.



The Exchequer Court has exclusive original jurisdiction to hear any prerogative writs relating to an order or finding of the Tribunal. That is covered by subclause (2).

Subclause (3) places limitations on the Exchequer Court on hearings of prerogative writs.

I do not think that explanation is clearer than mine. As I read it the two clauses taken together make it quite clear that the one thing that cannot be appealed to the Exchequer Court is the substance of an injury finding, but if the Tribunal does not function properly—the question is that it is outside the terms of this legislation—that is what can go to the Exchequer Court.

**Mr. Harkness:** We are dealing with two things. It was clause 1 in the one case and clause 4 in the other case where it could be taken to the Exchequer Court. Do you recall what clauses those were?

**Mr. R. Y. Grey:** Mr. Harkness, those are the clauses having to do with the classification of goods and the normal value and export price. That, of course, is on the other side of the process. That is the question of the function of the Deputy Minister of National Revenue being exercised subject to appeal to the Tariff Board and the Exchequer Court. It deals entirely with the question of injury and it is parallel to the procedure in the United States where the decisions of the Secretary of the Treasury can be brought before the Customs Court and on appeal to the Court of Customs and Patent Appeals, but the decision of the Tariff Commission on injury is a final decision.

**Mr. Harkness:** The thing that makes it particularly confusing is that subclause (3) says that there cannot be any proceeding in the Exchequer Court in regard to a question of law or fact that was erroneously decided by the Tribunal. Under ordinary circumstances the very purpose of the Exchequer Court is to determine whether there was a question of law or of fact which had been erroneously decided on. This just adds to my confusion with regard to the matter because the normal function of the Exchequer Court is to decide questions of that kind.

**Mr. R. Y. Grey:** Mr. Chairman, in the clause having to do with the right of appeal from decisions of the Deputy Minister, it is provided that the appeal to the Exchequer Court from the decision of the Tariff Board is only on a question of law...

**Mr. Harkness:** Yes.

**Mr. R. Y. Grey:** ...not of fact. There was only one group which appeared before the confidential hearings that were held on the instruction of the Minister of Finance that argued that there should be any appeal from this Tribunal the role of which we suggested to them ought to be analogous to that of the Tariff Commission.

It was the view of all but one group of business people who appeared before us that the question of injury was a matter of assessment as to the facts and their import in a particular business situation and that no interest would be served by making it a subject of litigation. I might say that it was not any group of Canadian producers who argued that there should be an appeal.

I do not wish to defend this particular wording. This is a matter really that the law officers can explain to you better than I can. I take the meaning from this that the one thing about which one can go to the Exchequer Court is to seek an order to direct the Tribunal to get about its business—that is putting it very much in layman's language—but if the Tribunal has exercised its functions under this Bill to make an order or finding, that is the end of the matter, except, of course, there is the power of the Governor in Council to exempt any goods from the anti-dumping duty, but there is no power to make an order or finding applying the duty.

**Mr. Harkness:** It looks very much to me as though this gives the right of appeal to the Exchequer Court, but in actual fact this does not amount to anything.

**Mr. R. Y. Grey:** Mr. Chairman, it was not the intention of the draftsmen, I think, to suggest that there is an appeal to the Exchequer Court on a question of an order or finding and, perhaps, that is simply because the law officers drafted it this way. It looks as though there is more there than, in fact, there is. The intention of this section is to make it quite clear that an order or finding of the Tribunal is conclusive.

• 1620

**The Chairman:** Are there any other questions then on clause 31, page 88? If not, we will move to page 90, clause 32.

On Clause 32—Review of Orders by Tribunal

**Mr. Harkness:** This would appear to make the Tribunal a sort of a court of appeal itself; any particular finding that it had previously made it can then review. It becomes a sort of a court of appeal for itself to review its own findings. Could this be done at any time? It says, "may at any time"—four years after, or at any other particular time?

**Mr. R. Y. Grey:** Well, Mr. Harkness, we envisaged the situation where there might be an order or finding imposing an anti-dumping duty because of a finding of injury on a certain category, class or description of goods. The importer of those goods, of course, can escape the anti-dumping duty by no longer dumping.

**Mr. Harkness:** Yes.

**Mr. R. Y. Grey:** However, supposing two years later he is still dumping, paying the anti-dumping duty, the Tribunal may make rules that enable him to bring the matter before the Tribunal on the basis that the situation in Canadian industry has changed, and he is no longer threatening anyone with injury. There has to be some mechanism under which the order or finding of the Tribunal which may run on indefinitely can somehow be reviewed.

In the United States, the Secretary of the Treasury has his executive action under the act to put together the finding of the customs authorities and the finding of the Tariff Commission. Here that function is performed by the statute itself. We thought it necessary, therefore, to provide some mechanism by which, as conditions change, the Tribunal itself can review its finding. It might decide after a further hearing that the order or finding should be terminated or should be extended or should be applied to a broader description of goods. The intention throughout this section, as I have to make clear at undue length, is that the Tribunal has the last word on injury.

**The Chairman:** Clause 33.

On Clause 33—*Duties a debt to Her Majesty*

**Mr. Roberts:** Subclause (1) or (2)?

On subclause (2), is it people who knowingly purchase these goods? The section seems to require payment by those who receive the goods ultimately, even though they were not the persons who imported them, which they might do presumably in good faith?

**Mr. R. Y. Grey:** Mr. Roberts, this clause is not mandatory, it is permissive. It says: "the Minister may".

**Mr. Roberts:** What I really do not understand is the purpose of the clause and the flexibility that it introduces.

• 1625

**Mr. R. Y. Grey:** Mr. Chairman, it has been represented to us, given the limitations on the retroactive application of anti-dumping duties, which is one of the main features of the Code, that it would be possible for an importer to import a substantial quantity of goods at a dump price which import would be deemed to be injurious; to sell those goods; then go into voluntary liquidation; transfer his assets to his wife; leave the country and in one transaction reap a very substantial benefit. From my own knowledge of the possibilities that are open in the import trade from various sources, I would say this is really quite an easy thing to do.

Having accepted the limitations on retroactivity, and assuming that it is not possible to turn the customs service into a kind of Gestapo that are going to look at every import, it is necessary to have some way in which this legislation in a sense polices itself.

The operation of this clause will mean that substantial retailers in Canada who may have been willing to buy dumped goods—after all the import of dumped goods may be risky but it is not an offence, it simply exposes you to potential taxing liability, they will take steps to ensure that they are dealing with an importer who will still be there, possibly as long as six months later, to pay an anti-dumping duty if one is levied under this act. It is my view that without this clause there is a grave danger of dumping taking place in the manner I have described which could not otherwise be caught.

The only alternative would be to very substantially increase the number of people in the customs service and to give them very extensive powers to enquire into the affairs of importers. That seems to me to be an even more repugnant solution to the problem. This follows from the obligations not to levy duties retroactively.

**Mr. Danson:** Just along that same line, I do not know if it is appropriate, Mr. Chairman, but in so much of this you can find loopholes, although the total legislation, from what I have seen of it, seems to be a distinct



improvement over what we had before, as was the Kennedy Round. In going through the Kennedy Round you could see many things—I was on the other side of the fence at that time—some of which could frighten you. However, in effect the people who have to administer it do so. Although there will be some abuses of it, the abuses are minimized. You just cannot cover every loophole. In fact, the things that worried us about the Kennedy Round are not worries at all and it would appear if we look at each piece of this type of legislation, that we could worry about each bit of it.

It reminds me of when I had an operation on my back, the doctor said: "Do not think of how you were yesterday, think of how you were last week, then you will see the improvement." If you look at the legislation in total context and the fullness of time, I think these things are generally of less worry.

**The Chairman:** Thank you, sir.

[Interpretation]

Page 92, clause 34: Statement to be submitted.

Failure to submit statement and false or incorrect information.

[English]

That is all part of clause 34, page 92.

On Clause 35—*Regulations*

**Mr. Harkness:** That is in the usual language of the regulations section of any act is it not?

**Mr. R. Y. Grey:** Yes, sir.

• 1630

On Clause 36—*Consequential Amendments* (See *Minutes of Proceedings*).

On Clause 37—*Surtax in certain conditions.*

**The Chairman:** Yes, Mr. Harkness.

**Mr. Harkness:** What particular case is this designed to deal with Mr. Grey?

**Mr. R. Y. Grey:** Mr. Harkness, it is designed to deal with imports which are injurious but which are not dumped. At the moment equivalent action is in force by the use of arbitrary value for duty on certain grades of gasoline, certain garments made in Macao, cotton elastic braid and corn.

**Mr. Harkness:** And which?

**Mr. R. Y. Grey:** Corn.

**Mr. Harkness:** In general it is to take the case of the present value for duty provisions.

**Mr. R. Y. Grey:** Yes, and recognize it for what it is, a tax on imports.

**The Chairman:** Yes, Mr. Danson?

**Mr. Danson:** Would this section include such things as used machinery for instance?

**Mr. R. Y. Grey:** Mr. Chairman, this can include any product if it is deemed to be injurious but is not dumped. Whether it should include used machinery of course, is another matter, but it is not limited in scope. I take it that the real import of your question is, is it possible to deal with the question of the arbitrary valuation of used machinery by this section. I think the answer is no, unless we are prepared to argue in Geneva and with our trading partners that the import of used machinery at the prices it is normally available at in the United States represents potential injury to Canadian production.

**Mr. Danson:** That would be covered under the Tariff Act as it is now?

**Mr. R. Y. Grey:** I think, Mr. Danson, that under the Code and under this Bill there is no distinction made between used goods and goods that are not used. They are simply goods and their normal value in the country of export and their export price should be found.

**Mr. Danson:** Thank you.

[Interpretation]

**The Chairman:** Any other questions?

[English]

Yes, Mr. Harkness?

**Mr. Harkness:** Will this same provision appear in the legislation of the other countries that have agreed to this pact?

**Mr. R. Y. Grey:** Mr. Chairman, all other countries to my knowledge, that is all other market economies, do have emergency legislation. The United Kingdom has legislation, which I believe ante dates the First World War, which prohibits the import of all goods except those that are by regulation allowed to be imported. It is that legislation under which the United Kingdom can, acting under Article XIX of the GATT deal with some injurious import. The United States has various legislation which enables it to deal with the imports that are injurious, but not dumped.



Aside from the limited powers that are available under the Export and Import Permits Act, the present valuation provisions which it is suggested here be repealed, which have the effect this section would have, constitute the power of the Canadian government to limit or to prohibit imports that are injurious, but not dumped. The answer to your question is that every other country does have some analogous power although some of them provide for limitation by prohibition or by quantitative restriction rather than by a taxing method.

• 1635

**Mr. Harkness:** They have all kinds of methods of doing this, of course. This is the point I was getting at. Whenever we have in the past, I should not say "whenever" in a considerable number of cases when we have made use of the value for duty provision, particularly I am thinking of fruits and vegetables, there has always been a very serious complaint that we were breaching our agreement under the GATT when we put these provisions into effect. Is this still going to continue to be the situation? As a matter of fact, when this prohibition, or at least this corn business, was put on just 10 days ago or something, there was immediately a complaint from the United States that we were in breach of our agreement, and they were going to demand compensation or something else along this line. Is this still going to be the situation whenever we make use of this section, that we are immediately going to be attacked as being in breach of our agreement under the GATT?

**Mr. R. Y. Grey:** Mr. Chairman, it is not true in fact that every time we have used this we have been accused of being in breach of our obligations. The fact is that Article XIX of the GATT provides quite clearly that governments can act against imports they deem to be injurious. However, that same article of the GATT makes it quite clear that the exporting country concerned, if it does not agree with the case, may withdraw substantially equivalent concessions, and it is around that right of the exporting country to withdraw benefits to our trade that the discussion and negotiation usually takes place. There is no question that the GATT allows us to take such action, and it makes clear that it is the Canadian government which has to make the judgment on whether or not imports are injurious. It is frequently the case that the exporting country does not agree on the facts

and is not prepared to accept that the action is warranted, but this has not been invariably the case.

**Mr. Harkness:** No, I withdrew; I said to begin with "whenever" and I withdrew that and said "in a considerable number of cases". I take it then the fact that this anti-dumping agreement has been made is not going to change the basic situation in that regard?

**Mr. Grey:** No, sir.

[Interpretation]

**The Chairman:** Mr. Émard.

**Mr. Émard:** Mr. Chairman, if I have understood your point, Mr. Grey, you said the United Kingdom had legislation prohibiting any imports without a permit. Is that what you meant?

Would this be a better formula for us in Canada? It seems that our legislation would be much simpler if we could adopt such a formula. I could say that I am completely lost in this matter.

[English]

**Mr. Grey:** Mr. Chairman, I think it is a matter of policy and not a mere technical question for the draftsman. A quota system to deal with injurious imports, unless it is very short term, requires a very elaborate administrative apparatus, unless the quota system is to be used as a prohibition.

It is necessary to allocate the quotas on some arithmetic or historical basis amongst known importers and a very substantial apparatus is required to do this. The last time this was done, in 1947, the staff of Wartime Prices and Trade Board was still in existence and they woke up one morning to find that they were the Import Control Division of the Department of Finance.

In 1962, when there was a crisis of a more general character, which required some control on imports across the board rather than particular categories, it was found more practical in an administrative sense to deal with this by a taxing method than by a quantitative or quota method. I think that has been a major consideration that various Canadian governments have addressed themselves to in considering how to deal with injurious imports, either in a broad case such as 1962 when a surcharge on imports was applied or in dealing with emergencies in relation to specific products. This taxing device, or as it is now,

a value for duty which applies to tax, in effect, can be a prohibition, but it requires no allocating mechanism and no additional staff is required to administer it which is a major consideration.

• 1640

I think in terms of its actual effect, instead of allocating by administrative order it allocates through the price mechanism. It allocates imports to those who think they can sell the goods with the additional tax and from that point of view it is a more economical method of dealing with an emergency control on imports.

**The Chairman:** Are there any other questions, gentlemen?

**Mr. Harkness:** Clause 37(3)(1c) on page 98, provides that any tax imposed will come to an end in 180 days. This is a new provision; this did not exist before. What is the purpose or reason for that?

In other words, under the previous legislation you could put on a value for duty and you could keep it there for a year or as long as you wanted to, but now, apparently, you can put on one of these surtaxes provided for under this clause, but the application of it ends after 180 days, unless it has been referred to Parliament and Parliament has passed an act.

**Mr. R. Y. Grey:** Mr. Harkness, of those products that I mentioned that are now subject to value for duty—the arbitrary value for duty—three of them have not been in effect for longer than 180 days. It seemed to the draftsmen and to the minister when it became clear that the effect of the present measure was, in fact, to impose a tax and that this clause empowered the Governor in Council to impose a tax without any ceiling, because it is so serious a matter, it ought to be subject to some form of scrutiny by Parliament. The 180-day rule was taken from the amendment that was made to the Customs Tariff Act in—I am afraid I am not quite certain of the year. There is a power under the Customs Tariff Act to withdraw the preferential rate or the MFN of any country in whole or part and in the last Parliament, I believe, 180-day limitation was placed on that power. In practical terms, this is an analogous power and we simply adopted the same 180-day limitation. That amendment will be found at the end of Section (4) of the Customs Tariff Act.

**The Chairman:** Gentlemen, before continuing I will seek your indulgence now that I note we have a quorum, if it meets your approval that the following be moved and seconded.

(See Minutes of Proceedings.)

Are there any more questions on clause 37, page 98? If not, we will move to page 100.

On Clause 38—*Coming into force*

(See Minutes of Proceedings.)

[Interpretation]

This concludes our clause by clause examination of the Anti-Dumping Bill.

[English]

I thank Mr. Grey and Mr. Arthur very much for their presence before this Committee on the White Paper on Anti-Dumping and, no doubt, we will benefit from the presence of Messrs. Grey and Arthur later on when their guidance will be required.

• 1645

Gentlemen, we have here, too, Mr. Labarge, Deputy Minister of National Revenue for Customs and Excise as well as some of his officials. Is it your intention to start questioning these gentlemen now or would you rather wait until the next sitting which will be on Thursday at 11.00 a.m. in the same room?

**Mr. Harkness:** I would suggest that we wait until next Thursday to question Mr. Labarge.

**The Chairman:** Mr. Labarge will have no objection if we wait? Perhaps I may make a suggestion, the questions could be asked today and the reply supplied on Thursday. Is this agreeable with you gentlemen?

**Mr. Burton:** Mr. Chairman, what sort of a timetable do we have to keep in mind in dealing with this entire matter before us?

**The Chairman:** As you are aware, Mr. Burton, we have given until November 12 at noon for the private sector to present briefs to this Committee. A Steering Committee meeting after that date will decide the schedule for us.

**Mr. Burton:** Are there any other officials whom it is proposed to call before the Committee other than the gentlemen to whom you have just referred?

**The Chairman:** Mr. Burton, it has been suggested that some officials from the Department of Industry might come before this Committee.

**Mr. Burton:** Would that be this week?

**The Chairman:** That will depend on how long we spend with Mr. Labarge and his officials because as approved last Thursday we will have a meeting this Thursday at 11.00 a.m. and another one at 3.30 p.m.

[Interpretation]

**Mr. Comtois:** Mr. Chairman.

**The Chairman:** Yes, Mr. Comtois.

**Mr. Comtois:** Perhaps Mr. Labarge has a statement to make today and we could make our comments on Thursday.

**The Chairman:** Before the meeting I inquired and Mr. Labarge said that he has no general statement to make, but that he is at the disposal of the Committee to answer the questions put to him.

**Mr. Comtois:** Thursday.

**The Chairman:** Thank you very much, gentlemen. Our next meeting will be on Thursday at 11.00 a.m. in the same room.

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HOUSE OF COMMONS

First Session—Twenty-eighth Parliament  
1968

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STANDING COMMITTEE

ON

**FINANCE, TRADE AND ECONOMIC AFFAIRS**

*Chairman:* Mr. Gaston Clermont

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MINUTES OF PROCEEDINGS AND EVIDENCE

No. 7

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THURSDAY, November 7, 1968

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*Respecting*

WHITE PAPER ON ANTI-DUMPING

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WITNESSES

*From the Department of National Revenue (Customs and Excise), Messrs.  
R. C. Labarge, Deputy Minister; A. R. Hind, Assistant Deputy Min-  
ister; M. T. Keam, Director, Customs Appraisal Division; H. D.  
MacDermid, Chief, Valuation Section.*

ROGER DUHAMEL, F.R.S.C.  
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
OTTAWA, 1968

STANDING COMMITTEE ON  
FINANCE, TRADE, AND ECONOMIC AFFAIRS

*Chairman:* Mr. Gaston Clermont

*Vice-Chairman:* Mr. Alastair Gillespie

and Messrs.

Blair,  
Burton,  
Comtois,  
Danson,  
Downey,  
Émard,

Flemming,  
Gauthier,  
Givens,  
Gleave,  
Gray,  
Hales,

Harkness,  
Lambert (*Edmonton West*)  
Latulippe,  
Perrault,  
Roberts,  
Trudel—20.

Dorothy F. Ballantine,  
*Clerk of the Committee.*



## MINUTES OF PROCEEDINGS

THURSDAY, November 7, 1968.

(9)

The Standing Committee on Finance, Trade and Economic Affairs met at 11:10 a.m. this day, the Chairman, Mr. Clermont, presiding.

*Members present:* Messrs. Blair, Burton, Clermont, Comtois, Danson, Émard, Flemming, Gillespie, Givens, Gray, Hales, Harkness, Lambert (*Edmonton West*), Latulippe, Roberts, Trudel—(16).

*Also present:* Mr. Ritchie.

*In attendance:* *From the Department of National Revenue (Customs and Excise):* Messrs. R. C. Labarge, Deputy Minister; A. R. Hind, Assistant Deputy Minister; M. T. Keam, Director, Customs Appraisal Division; H. D. MacDermid, Chief, Valuation Section.

*Also in attendance:* *From the Department of Finance:* C. D. Arthur, International Economic Relations Division; *From the Department of Trade and Commerce:* C. J. Kelly, Office of Area Relations; *From the Department of Industry:* V. R. St. Louis, Commercial Policy Division.

The Chairman read a statement on the proposal to print the Proceedings of this Committee in a bilingual edition. (See *Evidence*)

The Committee resumed consideration of the White Paper on Anti-Dumping.

Officials of the Department of National Revenue (Customs and Excise) were called and introduced by the Chairman.

Mr. Laberge was questioned and was assisted in answering by the officials of his Department.

At 12:25 p.m. the Vice-Chairman took the Chair, at the request of the Chairman.

The questioning having been concluded, it was agreed to cancel the meeting scheduled for this afternoon and the witnesses were permitted to retire, subject to recall.

At 1:15 p.m. the Committee adjourned to the call of the Chair.

Dorothy F. Ballantine,  
*Clerk of the Committee.*



## EVIDENCE

(Recorded by Electronic Apparatus)

Thursday, November 7, 1968

• 1110

**The Chairman:** Gentlemen, I see a quorum. Last week at the meeting of October 31, 1968 this Committee agreed that the Minutes of Proceedings and Evidence should be published in a bilingual edition in a manner similar to that now being done by the Standing Committee on Broadcasting, Films and Assistance to the Arts.

I have since ascertained that a bilingual edition was authorized by Mr. Speaker as an experiment for that one committee only, with a limited distribution and for a limited trial period, to ascertain how staff and equipment facilities can handle the proposed format. I have been informed that at the moment there are many technical problems which will have to be ironed out before it is possible to produce all committee proceedings in a similar format.

For the moment, therefore, it will be necessary to defer the printing of the Proceedings of this Committee in a bilingual edition. Separate English and French editions will, of course, continue to be prepared and distributed in the usual manner.

You will remember last week we had a discussion about adopting the procedure used by the Committee on Broadcasting, Films and Assistance to the Arts, and that is the explanation I have received from the Speaker's office. Are there any comments on this, gentlemen?

[Interpretation]

**Mr. Emard:** Yes.

**The Chairman:** Mr. Emard.

**Mr. Emard:** Mr. Chairman, we have asked whether we could have the French translation of reports of the Committees that have been published until now. I am not one of those who wish to be nationalistic and insist that the French version should be given the same day. I realize there are many problems involved, but if you realize how difficult it is for people who are not well acquainted with

the question to talk about these anti-dumping problems, can you imagine what it is for French-speaking persons, when it is already very difficult for an English person? I am just wondering if we could not try to obtain the translation. Mr. Grey's testimony is very important—pretty well the most important to date—and I wish I could follow it in my own language.

**The Chairman:** Mr. Emard, Tuesday of this week, the Speaker of the House, after a question of privilege raised by one of our colleagues has given the explanations you asked for. I would invite you to look at the debate of Tuesday of this week concerning...

**Mr. Emard:** Yes, yes, I know, a lot of explanations are given but I want action.

**The Chairman:** You know who is responsible for the personnel on the Hill. I am very willing to take further steps but the answer given by the Speaker, after a question of privilege raised by one of our colleagues, should be considered to be the policy our Committee should follow.

**Mr. Gray:** I think we are all agreed that we should have completely bilingual facilities but the solution of this problem is not in our hands. Those whose responsibility it is come under Parliament and not the Committee. If we had our own team of translators, it would be easy, it would be perhaps possible anyway to solve this problem ourselves but the only solution possible is, as I explained, to approach the general administration of Parliament.

**The Chairman:** Does Mr. Lambert, have any comments?

• 1115

**The Hon. Marcel Lambert (Edmonton West):** I am impatiently waiting to question the witness.

**The Chairman:** Thank you, Mr. Lambert. Mr. Lambert now has the floor.



[English]

**The Chairman:** As you know, this morning we have as witnesses before this Committee, Mr. R. C. Labarge, Deputy Minister, Customs and Excise Division, Department of National Revenue. I will ask Mr. Labarge to introduce the other officials with him.

**Mr. R. C. Labarge (Deputy Minister, Department of National Revenue (Customs and Excise)):** Thank you, Mr. Chairman. On my left is the Assistant Deputy Minister for Customs, Mr. A. R. Hind; on my immediate right is Mr. Douglas MacDermid who is Chief of the Valuation Service Section in our Department, and who has been long connected with this anti-dumping legislation, attending GATT with members of the Department of Finance and so on, and on the extreme right is Mr. Murray Keam, who is the Director, Customs Appraisal Division. On the shoulders of these people rest the application of this dumping law once it is passed by Parliament.

**The Chairman:** I understand that Mr. Labarge has no statement to present to the Committee and he and the three officials accompanying him are now at your disposal to answer any questions directed to them.

**Mr. Lambert (Edmonton West):** Mr. Chairman, the other day in speaking to Mr. Rod Grey I suggested to him that last year, when we were discussing the anti-dumping convention and the reactions of industry and so forth, there was a great fear that because of the nature of the convention, the procedure that was to be adopted and so forth that, frankly, there would be an awful lot of, shall we call it, one free dump. Now that we are talking to the officers who are charged with the administration of this legislation perhaps they could advise the Committee on this danger of one free dump. I would like also to get an assessment of the efficacy of the machinery that is proposed in this legislation.

**Mr. Labarge:** Mr. Chairman, this one free dump may well be possible but it depends on whether it is the kind of dump that does not create injury. If there is injury then we are to be alerted by those who see the first signs, of threat or of injury. If it is a massive dump, as you know, or if it becomes part of a series which cumulatively cause injury or are comparable to a massive dump over a period of time, then the law permits us to retroactively catch these.

Let us say that the Department to the extent that it can, has some means of vigilance and detection, but these means must be supplemented by those most concerned with dumping so that the two parties together can see to the fastest action possible.

**Mr. Lambert (Edmonton West):** That may be, Mr. Labarge, but what concerns me is not so much the ability of the Department to go back and impose a dumping duty on the importer; what concerns me is the effect of the one dump. Canadian industry may be ruined by it.

• 1120

Let us take the field of textiles. The goods are brought in and they are sold. You carry on through your machinery and get an anti-dumping duty. Well, that is a penalty imposed upon the importer. However, what happens to the Canadian textile manufacturer or converter whose goods remain on the shelf because they are seasonal goods, subject to style changes and so forth. What about him? This is the point, this is what I am concerned about. You can take three years, if you want, to get anti-dumping duty from the people who may be paying it. What about the Canadian industry that has suffered in the interval?

**Mr. Labarge:** The only law we have is the application of the dumplaw when we have determined it. However, what you are trying to say is, how do we get at what often passes in common life as "undetected crime"? As I said, we use the best methods of detection we have. If our sensitivity is great enough and we intend "sandpapering" our fingers for this purpose, we intend to use what we have in our records by way of normal importations of commodities and then we would hope, particularly with experience—even now we have what you would call the "sensitive" commodities—to be able to work out a pattern whereby there is a spotlight on these sensitive areas.

**Mr. Lambert (Edmonton West):** Then to follow up, how do you feel the present machinery works to prevent dumping? As the officer chiefly concerned with the administration of the present legislation, are you satisfied that it does a reasonable job?

**Mr. Labarge:** Under the law that we have been following, it has been doing a reasonable job. The main thing in this of course, is a

pretty strong deterrent—the dump is no joke to have hanging over you for a period of time when you thought you were getting away with it.

**Mr. Lambert (Edmonton West):** It is said, Mr. Labarge, that a good tariff consultant can advise you on about a dozen different ways in which you can engage in dumping with almost impunity, under the present law. If that is so, do you feel that the new set-up, either as to the law or the machinery, would make your Department more effective to combat that sort of thing?

**Mr. Labarge:** My impression of this was—as Mr. Grey explained it and as I read it—that it has more teeth in it for us. I think the spelling out of “associated persons” as well as this question of “compensatory arrangements” will help us and it is more specific than what we had in the law in the past.

**Mr. Gray:** You are speaking of the proposed law?

**Mr. Labarge:** Yes.

**Mr. Gray:** The proposed new law?

**Mr. Labarge:** Right.

• 1125

**Mr. Lambert (Edmonton West):** You raised the point of “associated persons”. I am concerned, Mr. Labarge, in an act that you and the Department of Finance will be administering as far as the tariffs and customs are concerned, that you will be using an interpretation of “associated persons” devised under another act over which you have no control, in other words, the Income Tax Act. I would much prefer to see the act designed so that your Department along with the Department of Finance could, by regulation or by statute, determine what are “associated persons” within your own statute. There are different philosophies under the two Acts and in the two Departments. Under the Income Tax Act “associated persons” was defined for certain purposes. I would like to get your comment, Mr. Labarge, on whether it is possible, within your own shop, to devise the appropriate regulations.

**Mr. Labarge:** I am not sure that the person questioned has the right to question the questioner, but I would like to do so, if you do not mind.

I wonder, if in your own experience, you think that the present interpretation and the present wording of the section of the Income Tax Act is either over-adequate in the sense that it extends too far or whether it is inadequate for the purpose for which we would use it, because therein, I think, lies the test. If my knowledge of that section is at all correct, it is a pretty all-encompassing relationship and many of which I do not really expect to find in the import-export business. So, it may be that there will only be a portion of that, but at the same time it would be too bad if we had a definition in the Customs Act which was not broad enough for us to take action where basically the dumping was caused by this relationship.

**Mr. Lambert (Edmonton West):** In the Income Tax Act the definition is in the statute itself, but then in addition there is an omnibus power, shall we say, for the Minister to use his discretion. That is something I am not particularly interested in importing into this legislation and there is some question whether section 138 is really brought into this legislation by reason of this reference. The point I want to make is that this should be within the regulations and the regulations are, then, subject to examination. As you know, if you feel that something is not covered by the regulations, you have the power of fairly quick amendment to regulations, whereas if it is enshrined in the Income Tax Act by way of statutory provision, you can only amend it by getting an amendment to the Act which is a much slower process.

**Mr. Labarge:** Mr. Chairman, if I can take refuge as other people do, I think this is part of the drafting of the legislation and the proposing of it to Parliament which is the responsibility of the Department of Finance in this instance. However, I am sure they will take note of what has been said.

**Mr. Lambert (Edmonton West):** Mr. Chairman, I have other questions, but I will wait until later.

**Mr. Gray:** Mr. Labarge, just to deal with a very interesting point raised by Mr. Lambert, I gather that under the present law it is also, shall I say, technically possible for something which is an act of dumping to pass undetected.

**Mr. Labarge:** It is possible that some dumping could be undetected?



**Mr. Gray:** Yes.

**Mr. Labarge:** Mr. Gray, I would hate to say that...

**Mr. Gray:** Not willingly on your part.

**Mr. Labarge:** But because of the way in which it is done?

**Mr. Gray:** Yes.

• 1130

**Mr. Labarge:** I think there is an additional safeguard in this the proposed legislation; that the law is being changed so that you will use as the basis of your complaint both injury and dumping and the sign of injury will be an indicator which will come to us that did not come to us in the past.

**Mr. Gray:** Of course, under the proposed law you will not have to rely only on complaints. The responsibility is placed on your own administration?

**Mr. Labarge:** Yes, and even on the injury Tribunal because a complainant could communicate with us to the effect that he believes there had been dumping and he feels he has been injured. The dumping question will be investigated if there is an indication that this man has some evidence. It may be pretty weak evidence and if the Deputy Minister of National Revenue feels that it is very weak he can communicate with him and suggest that he explore other areas of facts, other statistical data or something like that. But if these are not available to the man, he can still communicate with the injury Tribunal and they will carry out the research on the injury aspect.

**Mr. Gray:** I understand that it is also contemplated under this law that your own administration will maintain some type of surveillance procedure.

**Mr. Labarge:** That is right.

**Mr. Gray:** Is that correct?

**Mr. Labarge:** Yes.

**Mr. Gray:** I presume you will be extending procedures within your own Department for that purpose?

**Mr. Labarge:** This is what I meant when I was talking about increasing our sensitivity to these things as well as selectivity and other methods.

**Mr. Gray:** Under the present Act—not the proposed law—if goods are found to be part of a dumping transaction the import is not banned. The only action taken is the imposition of a duty. Is that correct?

**Mr. Labarge:** That is correct.

**Mr. Gray:** So that under the present law it is possible for goods to reach the market to the possible detriment of a Canadian manufacturer, either before or simultaneously with the imposition of the duty?

**Mr. Labarge:** Right. I was just checking to see whether or not under such circumstances we can, as we will be able in the future, go to the next level of trade to whom the importer has sold should we not be able to collect from him.

**Mr. Gray:** But the point I was trying to get at was that under the existing law the method of protection, so to speak, for Canadian industry is the levying of duty on the dumping transaction. The goods are not banned.

**Mr. Labarge:** That is right.

**Mr. Gray:** Therefore, to this extent, at least, the control remains the same under the proposed legislation?

**Mr. Labarge:** Yes, it is quite clear that if some goods get through which are sold and sold again, if you like, those goods are on the market. This is how injury can occur and does occur.

**Mr. Gray:** Under the proposed law that we are studying at the present time, you will also, under certain circumstances, be able to propose duty provisionally?

**Mr. Labarge:** Yes. All this does is advise them that if we find dumping and injury they are going to be liable for the entries over that period.

• 1135

**Mr. Gray:** Then because of the procedure proposing provisional duty there will be a clear signal or flag of the consequences to someone who intends to export or import goods of a dumped character?

**Mr. Labarge:** Yes, plus all the notifications and public notices in the *Canada Gazette* for other people in the same line of business.



**Mr. Gray:** The proposed law that we are studying at the present time does not contemplate that your administration would be deliberately allowing anybody to have one free dump?

**Mr. Labarge:** It never did as far as we are concerned.

**Mr. Gray:** Thank you.

**The Chairman:** Are you finished, Mr. Gray?

**Mr. Gray:** Yes, thank you.

**Mr. Flemming:** Mr. Chairman, my question to Mr. Labarge is quite specific. I have in mind the fact that New Brunswick from Woodstock all the way north to Edmundston or further is a potato-growing area which would be within 30 to 50 miles of the same potato-growing area in Aroostook County in the State of Maine which is one of the most famous potato-growing sections of the United States. If the Canadian market, we will say, suddenly became improved, would it possible for a large shipment, even as much as 50 carloads or something like this, to suddenly come across the border through our ports of entry at a price that the producers probably felt they had to ask because of it being a perishable commodity? If they were dumped, so-called, and if they were allowed one dump, as Mr. Lambert has mentioned, the result so far as the New Brunswick producers are concerned would be just terrible. I wonder what Mr. Labarge sees as a remedy for that sort of a situation, should it occur.

**Mr. Labarge:** Mr. Chairman, we are talking about produce which is grown on a seasonal basis—it comes into production at a certain time—and the knowledge of the crops is pretty well known to the people most concerned including, of course, the Department of Agriculture. One can always look at an over-production, if you want to call it that, in the neighbourhood as being a potential threat and I would expect that those who are primarily concerned with what happens to the Canadian producers would be in communication with us, as they have been in the past, in sufficient time to alert us before such an occurrence. I do not think I have seen a large quantity—such a massive importation—but I have seen a series of importations from the first producers who have had surpluses which have been caught as soon as they appeared to be a developing situation. I think this calls for the co-operation of the growers, the Department of

Agriculture, ourselves and any other interest-foreseen as a possible threat and we could be altered to the situation. One of the problems here is that you do not necessarily have a dump situation. You could even have a normal value in this case and still have a price which is lower than the Canadian producers' price. We have just gone through this with corn, have we not?

• 1140

**Mr. Flemming:** Yes. I was most anxious to hear from Mr. Labarge what he has partially suggested, at least I took it that way, that the producers on the Canadian side—New Brunswick—should keep the Department fully informed regarding the possibility that such a thing could happen and if he will have the remedial measures to deal with the situation in the same way as he has at the present time.

**Mr. Labarge:** Mr. MacDermid might add some words to what I have said.

**Mr. H. D. MacDermid (Chief, Valuation Section, Department of National Revenue (Customs and Excise)):** If it is a situation, Mr. Chairman, where goods are actually being dumped, that is the export price is lower than the normal price, I do not think there is any doubt but that we could determine the normal value, the export price and the margin of dumping within the 90 days so that in the event it was a massive situation the Tribunal could tell us to apply duty retroactively. If, however, it were a situation where the prices were low but it was not a problem of dumping, then this problem could be handled, as is the case at present, under the special emergency legislation, clause 37 (3) (1a) to be found on page 96 of the White Paper.

**Mr. Flemming:** We have to acknowledge, Mr. Chairman, that while the ninety-day period may be necessary in order to deal with the matter, it is not much use, you know, to determine injury to a producer if the producer is already dead. Being injured might result in his demise as a producer during that ninety-day period. I was anxious to find out and to have confirmed by Mr. Labarge and Mr. MacDermid what were the means of dealing with this situation so that the injury will not come into being as far as the producer is concerned and the producer will have protection against that most unusual situation.

**Mr. Labarge:** We really will be in no different position than we were in the past except

for this informational aspect and the sensitivity to it. We have always been sensitive to this and I think the answer to this would not be the application of dumping duty in most of these cases, but a decision to go to fixed values.

**Mr. Flemming:** This is fine, then, because I think the information that I could give the producers would be that we have no protection at the moment and we will not have any after this legislation becomes law in regard to this dumping but we will not lose any protection. Is that the general idea, Mr. Labarge?

**Mr. Labarge:** That is right, but, again, if the dumping is done in a normal time and not such a massive situation, they should avail themselves, of course, of the protection contained in this legislation that it is injurious to them even in those lesser quantities and where the importation is not a massive flood. I think there is a little more help in that.

**Mr. Flemming:** That is fine, Mr. Chairman. May I ask a question sort of in reverse and ask Mr. Labarge if he would care to express an opinion about it. If the situation were reversed and if we could just assume that there had been an over-production of potatoes in the Upper Saint John Valley and the producers could see the American market as a good place to get rid of some of their potatoes, in general, are the regulations that would apply on our producers going into the U.S. market similar to the regulations governing their producers coming into our market? Is there a similarity?

• 1145

**Mr. Labarge:** We are both signatories to the same Code.

**Mr. Flemming:** We have here the U.S. regulations, do we not, and now we have a proposed draft of our regulations. I wonder, in this respect, if our producers would have about the same right to go into a large U.S. market as they have to come into our small Canadian market.

**Mr. Labarge:** I have not, I admit, made the comparison because I have been primarily concerned with interpreting our own.

**Mr. Flemming:** Yes, I understand this is a difficult question. Actually, Mr. Labarge, I am going to use your expression, unless you convince me I should not when you said you will "sandpaper" your fingers and become very

sensitive to this sort of thing. I think with that assurance I will conclude my questions for the moment. Thank you.

**Mr. Hales:** Mr. Labarge, as the administrator of this proposed legislation, you mentioned that you would be alerted if injury has been caused or would have been caused, but I am concerned about those firms or people who will not alert you to damage or dumping. I am thinking of American subsidiaries in Canada who may choose to bring a product which they are manufacturing in some foreign country into a Canadian plant. It is quite conceivable that they are not going to alert you to this. It is to their advantage to bring this product in and to close down their American plant and put people out of work. You are not going to be alerted about these cases. Now, where do we move from here?

**Mr. Labarge:** Where does the injury show up, Mr. Hales?

**Mr. Hales:** The only place where I would see injury would be the people who were put out of work.

**Mr. Labarge:** But how were they put out of work?

**Mr. Hales:** By the importation or the dumping of these products which were made in a foreign plant.

**Mr. Labarge:** We do have a Canadian producer who notices this unusually strong competitive price force?

**Mr. Hales:** Yes, but it is a subsidiary of the American company.

**Mr. Labarge:** Are they the only ones manufacturing that product in Canada?

**Mr. Hales:** In some cases they might have 90 to 95 per cent of the market in Canada.

**Mr. Labarge:** There is really not much difference between the proposed legislation and the old law in this particular case. What we have been trying to weigh is the element of injury in a situation where the Canadian producer—the one who is complaining—has about 5 per cent of the domestic market and whether this is a threat to the industry.

• 1150

**Mr. Hales:** It would appear to be a very pertinent problem and I can visualize some of these American subsidiaries in Canada closing



their doors because if they can make it cheaper in a foreign plant you can rest assured that that is where it is going to be made.

**Mr. Gray:** What is stopping them from doing that now?

**Mr. Hales:** Because there are tariff walls now that make it economical for them to manufacture it in Canada.

**Mr. Gray:** Is this proposed law removing any of those tariffs?

**Mr. Hales:** No, but I think they could dump the product in Canada from another country—at least bring it in and not be accused of dumping.

**Mr. Gray:** Does the present law ban these imports?

**Mr. Hales:** Yes, it does.

**Mr. Gray:** It absolutely bans from import, even if the people are willing to pay additional duties?

**Mr. Hales:** Oh no, they do not want to pay the additional duties.

**Mr. Gray:** A grave risk exists now.

**Mr. Hales:** Well, I can see a loophole under this new legislation; time will tell. I visualize this happening in some cases. However, I brought it to the attention of the government and the Committee, and we will wait and see.

My other question was, as administrator, what meaning are you going to put to the word "material", material injury. The word "material" is pretty broad.

**Mr. Labarge:** I would rather leave the interpretation of that to the injury Tribunal whose task it will be.

**Mr. Hales:** You will have to have some terms of reference on this word in order to administer the act. You administer it on the basis that there has been, or it would have caused, material injury. As administrator you will have to have some terms of reference, I think, for that word "material".

**Mr. Labarge:** I was trying to find the French translation to see perhaps, if it was more specific than "material". However, let us say as long as it is not slight is the way we will look at this before we reject an investigation.

**Mr. Hales:** That is all, Mr. Chairman.

**The Chairman:** On the first question asked by Mr. Hales, could a labour union call your attention to such importation by the firm in Canada?

**Mr. Labarge:** Yes.

**The Chairman:** Were you asking a supplementary, Mr. Gray?

**Mr. Gray:** Yes, it is my understanding Mr. Labarge that the Tribunal which is to be set up under this law will be creating jurisprudence on the meaning of the word "material", which will be used by your administration in carrying out its administrative responsibilities under the act.

**Mr. Labarge:** That is right. It could have been my answer to Mr. Hales, but I think he wants to know what I am going to do before this jurisprudence begins. If it is not slight we will look at it, and eventually it may be that the word "material" will begin to take on some dimensions.

**Mr. Danson:** My concern really is the overall effectiveness of the legislation as proposed, and how precise we try to make this legislation, which could be so precise it could hamstring us. I am sure that in all legislation, not being a lawyer, there are loopholes. As a matter of fact, Mr. Lambert mentioned a customs consultant who said he could find a dozen ways to circumvent the laws. Just as a humble businessman I thought of twenty more after that, but the fact is people do not. If we start sandpapering our fingers too fine are we going to create some sort of a police state, maybe the government has no place in the deposit boxes of the nation.

However, is it, in balance, legislation that, with due discretion from you and your officials, can properly enforce the spirit of the legislation?

• 1155

**Mr. Labarge:** Yes, I think it is. It has two criteria now, and there will be much more intelligent evidence available before action is taken. I think there will be a greater alertness. Of course, it will cover a broader field of our commerce because before when we went on the "made in Canada" automatic basis there was a large percentage of up and coming industry which just sort of it took it on the chin because it had no defence against dump. Now this will be an area that is covered too.



**Mr. Danson:** With the threat of material damage.

**Mr. Labarge:** With the threat...

**Mr. Gray:** You are referring to those Canadian producers who do not have 10 per cent of the Canadian market?

**Mr. Labarge:** That is right.

**Mr. Gray:** They have no protection under the presently existing law, but they will have under the proposed law we are studying?

**Mr. Danson:** The other question I want to ask is one I asked the other day concerning the interpretation of this word "like". We are used to working with the "class or kind" regulations and there was an indication at one of the other sessions of this Committee that the word "like" was to be exactly the same. We got into a discussion of the same product but under a different brand. What is your interpretation of this word "like" in this context?

**Mr. Labarge:** As Mr. Hind has lived with this for quite a while I would like to give him a chance to answer.

**Mr. A. R. Hind (Assistant Deputy Minister, Department of National Revenue (Customs and Excise)):** Mr. Chairman, in dealing with this question I ask myself whether I would consider a Westinghouse refrigerator coming into Canada as "like" a model "X". My first reaction would be that perhaps they are not "like" goods in the sense that nationally advertised brand name goods normally command a higher selling price than do lesser known house brands.

I suggest that in establishing the normal value of a nationally advertised article, the Westinghouse refrigerator in this case, we would want to make appropriate adjustments for the difference in the two products.

**Mr. Danson:** This would be discretionary.

**Mr. Hind:** Mr. Chairman, there is provision in the regulations to make allowances for differences of various kinds; in quality, design, construction and so on.

**Mr. Danson:** Thank you very much.

**Mr. Blair:** Just following the question Mr. Danson asked, Mr. Hind may recall that I asked Mr. Grey a question about the definition of the word "like" and I directed Mr.

Grey's attention, among other things, to section 38 of the Customs Act which states:

Where...the value for duty cannot be determined...for the reason that like or similar goods are not sold in the country of export ..

In other passages of the valuation provisions of the Customs Act the words "like" or "similar" are used. Mr. Grey gave me the general answer that under the proposed act the word "like" would include the word "similar".

•1200

**Mr. Hind:** Mr. Chairman, we have to arrive at a normal value for the goods coming to Canada, and ideally we try to find "like" goods sold for home consumption. In some cases we do not find precisely the same article sold in the home market, for example, if one is looking at electrical equipment, perhaps a toaster. Toasters coming to Canada must have CSA approval. Those same toasters sold in the country of export do not require CSA approval. Consequently there will be some differences between the toaster coming to Canada and the toaster sold in the country of export.

However, we must start somewhere so we take the nearest similar article coming to Canada, which is defined in the interpretation section of the proposed Bill as goods with characteristics which closely resemble those of the goods shipped to Canada, and we make appropriate price adjustments to give effect to the differences.

**Mr. Blair:** Mr. Chairman, I think one of the most significant features of this new legislation is what I understand to be the difference in the valuation which will apply to anti-dumping transactions as opposed to the valuation which now applies under the Customs Act. I have in mind particularly paragraph 8, and there may be other regulations, and more particularly subparagraph (b) which occurs on page 4 of the proposed regulations.

As I understand the present valuation proceedings, if a manufacturer in the United States is selling, let us say, to his wholesale distributors in various sections of the country at a price of \$100 per unit, this is the price or value which would apply for customs purposes in the transaction I am about to describe.

Very frequently a new exporter into this market will appoint what might be called a national distributor. This national distributor deals in turn with wholesalers in different sections of the country or in the various provinces. The case put forward is that the national distributor performs, in Canada, a number of the functions which the manufacturer himself performs in the United States in the way of servicing, advertising and so forth. Under the present law, if I am correct, the value of \$100 per unit applies, notwithstanding the fact that the national distributor exists; is that correct?

**Mr. Labarge:** That is correct.

**Mr. Blair:** However, under the proposed law, if I understand these regulations correctly, it will now be possible for a lesser value to apply in fixing the export price by reason of the fact that the conditions of sale and distribution of goods in Canada are not the same as those in the United States.

**Mr. Hind:** Yes, that is correct.

**Mr. Blair:** Does the Department anticipate much difficulty in dealing with these situation as they arise, in attributing numbers and values to the advertising, servicing and other expenses which may be assumed by national distributors in this country?

• 1205

**Mr. Labarge:** I will say that it certainly means more work. As to how easy or how difficult it is going to be, I will ask an investigator, the present Assistant Deputy Minister to answer.

**Mr. Hind:** Mr. Chairman, this is a new chore to which we will have to address ourselves. We have not been faced with it before. As Mr. Labarge has said it will in a way increase the difficulty of making investigations.

However, as I see it, the exporter, visualizing a Canadian values investigator in his office, will be suggesting in the circumstances described by Mr. Blair that he should be permitted to sell to the Canadian importer, because of his superior trade status as a distributor, at a lower price than the price at which he sells to his best customers in the home market, namely wholesalers. If I were an investigator I would ask the exporter to tell me what discount he feels should be allowed by reason of the savings which

would be effected by him in his home market, if he were to sell in his home market to the same class of trade as the Canadian importer.

This would, as the regulation envisages, require reference to the exporters costs. There would obviously be savings in salesmen's salaries, commissions and expenses in the sense that if the exporter were selling to one distributor in his home market rather than to twenty wholesalers, he would require fewer salesmen to transact business with that one client than he would be faced with in selling to twenty wholesalers. There would be other similar cost factors which would represent a saving to the exporter if he sold to distributors in his home market. So I would ask him first of all what percentage he would suggest as fair. Then I would ask him to justify that on the basis of savings in costs. We are endeavouring to find the price at which the exporter would sell in his home market to the same class of trade as the importer, if such sales were possible.

**Mr. Blair:** The determinant would be the costs or expenses which apply in the home market?

**Mr. Hind:** Yes sir.

**Mr. Blair:** However, subject to an over-all provision contained in subparagraph (b) 3, that the allowance could not exceed the actual cost of performing these functions in Canada?

**Mr. Hind:** Yes sir, that is correct.

**Mr. Blair:** May I just ask one more question, Mr. Chairman? Again I wish to assure my friends that I am not seeking free legal advice.

**Mr. Gray:** Mr. Blair is one fellow who does not need it.

**Mr. Blair:** Thank you, Mr. Gray. I would like to discuss very briefly the differences which exist under section 6(5) and section 6(6) of the Customs Tariff Act. Subsection (5) is the main provision and it provides for an automatic assessment of dumping duty when the facts justify. Subsection (6) is a more sophisticated section and it deals in broad terms with the non-arm's length type of transaction between a foreign exporter and some kind of Canadian subsidiary which is related to that foreign exporter in a corporate fashion.

Under subsection (6) it is provided that where the Department discovers a non-arm's



length relationship between the exporter and the importer it may then go into a detailed study of the business of these firms and make its determination of value and its assessment of dumping duty on the basis of excluding from the accounts compensatory payments or whatever else, which may be paid back and forth because of the corporate relationship.

• 1210

However, am I correct in assuming that where there is an arm's length relationship between the exporter and the importer the Department now does not have the power to make the same type of investigation, particularly in relationship to compensatory payments of one kind or another which may be made outside the importing transaction by the exporter to the importer?

**Mr. Labarge:** You are talking about sales to unrelated companies where there is a compensatory arrangement?

**Mr. Blair:** Yes.

**Mr. Hind:** Mr. Chairman, under our current law I think we ought to be able to catch many of these compensatory arrangements, and there is an effort to carry this over, as I understand it, into the new Bill. I am wondering if Mr. Blair would help me by perhaps selecting the type of arrangement he might have in mind.

**Mr. Blair:** Well, first of all, I have listened with amazement to the suggestion that a bunch of sharp fellows are able to rip the present anti-dumping provisions apart, and it certainly is not my impression that they are subject to wholesale evasion. I think this should be clearly stated. I suppose the officials also would be prepared to comment on whether or not they have ever had any substantial representations to indicate that the present anti-dumping law was ineffective. I would be very much surprised if they had.

However, let us just put a simple case. A Canadian importer may be importing goods at a value of \$100 per unit, which value corresponds to the exporter's selling price in his home markets. Sometime during the course of the year the exporter might call this man up and say: We want to help you with your advertising. We propose making a payment to you of \$10,000. That payment is not related to the quantity of goods that have been imported or anything of the sort. It is a payment made to reimburse the Canadian importer for

his advertising expense. Undoubtedly some of these arrangements take on a more sophisticated form, but when I am speaking about compensatory payments this is the kind of arrangement I have in mind.

**Mr. Hind:** Mr. Chairman, if an exporter wished to undertake an advertising campaign in Canada and advertise his goods, for example, in this country through any medium, there is nothing to prevent that under the present law, and I do not think there is anything in the proposed Bill to prevent that being done, in the sense that this is not tied in with particular importations of goods. I would not have thought of that in the sense of being a compensatory type of arrangement.

• 1215

**Mr. Blair:** Then may I refine the question? I can see quite clearly that if the manufacturer in the United States undertakes on his own, as it were, an advertising campaign in Canada to publicize his goods, that is not a compensatory payment. However, if his aim is not only to advertise his goods but to advertise the fact that the "X" national distributing company is his distributor in Canada, and to give that distributing company a leg up in the market, and to pursue that aim, he enters into an arrangement whereby he undertakes to underwrite all or part of a large advertising campaign, would that kind of thing, in your opinion, be a compensatory payment?

**Mr. MacDermid:** Mr. Chairman, in the event the exporter was giving something to the importer in Canada which he did not give in his home market, then I do not think there is much doubt that we would consider this a compensatory arrangement. If, however, he was advertising products in his home market in the same way as he was going to do on shipments to Canada then there would be no dumping duty under the new law nor under the old one. However, I think this is a case where you might well approach it from the point of view of a compensatory arrangement, if he were giving something special to the Canadian importer.

**Mr. Blair:** What type of payment in ordinary commercial practice would the Department judge to fall under the heading of "compensatory arrangement"?

**Mr. Hind:** I suppose, Mr. Chairman, that if the exporter were to give superior servicing to the Canadian importer than he were to his



customers in the home market, this might be regarded as something over and above what was available to the exporter's customers in his home market and could well fall into that category.

**Mr. Blair:** Mr. Labarge in commenting earlier expressed the view that the Department would have more latitude under the new law in determining values for anti-dumping purposes because you had a broader base for an attack on compensatory payments. Is this correct?

**Mr. Labarge:** Yes.

**Mr. Blair:** So notwithstanding the uncertainty as to what compensatory payments are, it is the opinion of the Department that you will have greater flexibility and more strength in going after them under the new law than you have under the present law.

**Mr. Labarge:** This is our feeling; this is our hope.

**Mr. Blair:** Thank you, Mr. Chairman.

**Mr. Labarge:** I would just like to say we would not want to be too imaginative and propose various schemes in a public way at this time.

**Mr. Blair:** There may be a customs consultant in the room.

**Mr. Labarge:** Maybe we ought to consult him. The variety of ways are hard to discern. Some of these things are really small potatoes, for instance, if somebody went so far as to say: You gave an aeroplane ticket for the family, or you gave hotel accommodation. It would have to be a pretty small deal of some kind. However, we hope the major things will be easily discernible. There are cases where what looks like a compensatory arrangement is not a compensatory arrangement because it is a term and condition of the sale in the country of export.

**Mr. Gillespie:** Is it the compensatory arrangements that have proved the most troublesome in the administration of the existing act?

**Mr. Labarge:** No, I think just what you call straight dumping.

**Mr. Gillespie:** In what area has the existing act been most criticized?

• 1220

**Mr. Hind:** It has been criticized, among other things, Mr. Chairman, by our GATT

partners. They have contended for a number of years that Canada's anti-dumping legislation is not in conformity with the GATT concept. It is for that purpose that the international Code has been designed, and has been accepted by the major trading partners of the GATT, including Canada, and in subscribing to the new Code we will, we expect, be—let me put it differently, please. Our new legislation, we expect, will bring our law into conformity with the GATT concept and the international Anti-Dumping Code. That was one of the chief criticisms.

**Mr. Gillespie:** Do our trading partners feel that our existing law is too rigid, too stringent, with respect to imports?

**Mr. Hind:** Yes sir. Mr. Chairman, the criticism from our GATT trading partners stems from the so-called automatic application of dumping duty. Whereas in future it will cease to be automatic, rather dumping duty will be collectible only when you find both dumping and injury caused by dumping.

**Mr. Gillespie:** This automatic provision, though, did not apply to products where Canadian production was less than 10 per cent of Canadian consumption?

**Mr. Hind:** That is right, sir. Under the existing law dumping duty is payable only in respect of goods of a "class or kind" made or produced in Canada. In order to be looked upon as a "class or kind" made or produced in Canada there must be produced in this country sufficient volume to supply at least 10 per cent of the Canadian market. Consequently infant industries starting up, who have not as yet attained the 10 per cent requirement under the current law, cannot benefit by the collection of dumping duty. They have no protection.

**Mr. Gillespie:** Looking at this thing from the point of view of the infant industry, and from the point of view of the multi-national firm, was the criticism of this automatic dumping duty a criticism from those who would have liked to have entered the Canadian market for the first time, or from those who had been doing business in Canada for a long time?

**Mr. Hind:** I think the criticism related to the fact that the Department of National Revenue under the existing law is able to collect dumping duty when in actual fact such dumping is not causing or threatening injury to Canadian production.

**Mr. Gillespie:** What I am getting at is this. It seems to be quite possible that an imaginative foreign producer might say the Canadian market is going to be an attractive market two or three years from now. I have developed a new product which is distinctive; it is not quite the same as anything yet produced in Canada; I want to export it to Canada; I shall advertise it and promote it in Canada. By the time Canadians are ready to produce a similar product I will have obtained, for my product, such wide market acceptance that I will have the market to myself. Has this sort of situation concerned you in the past? Have you run into this kind of situation?

**Mr. Labarge:** We have had a situation where, as you say, there was no Canadian manufacturer and therefore there was no "class or kind" and therefore there was no "dump". So it must have been what happened in Canada. I am not sure that it is always a fact that the first in the market is the one who continues to maintain the market. If it is a good product a smart fellow wakes up here, as we have seen them do in other countries, noticeably Japan, to see that a product can be made in Canada which will render that one obsolete or run it off the market and create a production source in Canada.

**Mr. Gillespie:** This was the second part of my question because this could well be the follow-up. Once you develop a market as a foreign producer, you then produce it in Canada and extend the multi-national aspect of your marketing. This was my concern in terms of the general overall economic policy.

• 1225

I would like to turn, if I may Mr. Chairman, to the question of the administration of the act and the vulnerability, perhaps, of the Department. Is it possible, for instance, under this ninety-day provision that you could be paralyzed by inaction on the part of the Panel.

**Mr. Gray:** The Tribunal or the Panel?

**Mr. Gillespie:** The Tribunal. If I understand the Bill correctly the Tribunal has to refer matters to the Panel for advice; is this not correct? In finding on the question of injury or material injury?

**Mr. Labarge:** Yes. What the Tribunal is going to have is, in fact, a staffing organization which will use the services of all related departments to establish whether or not there has been injury.

**Mr. Gillespie:** Right.

**Mr. Labarge:** They have ninety days in which to do this.

**Mr. Gillespie:** Do they not have to refer this matter to the Panel?

**Mr. Labarge:** Yes.

**Mr. Gillespie:** Supposing the Panel are not able to meet within that ninety-day period.

**Mr. Labarge:** The Panel does not have to be specifically those officers who are named; there are alternates. Everybody has his alternate. There is no reason they should not be able to meet in that period and, in fact, handle a whole batch of things at one time. The evidence should be fairly clear before they call the Panel together.

**Mr. Gillespie:** Thank you, Mr. Chairman.

[Interpretation]

**The Chairman:** Mr. Lambert, is this a supplementary question or a new question?

**Mr. Lambert:** This refers to the panel, the Advisory Panel.

**The Chairman:** I have on my list, Mr. Énard followed by Messrs. Burton and Harkness.

**Mr. Énard:** Mr. Chairman, I would like to be very sure that I understand "dumping". According to the definition we have been given, "dumping" means the introduction of products from another country into the Canadian market.

"Dumping" exists when the imported goods cause injury to an established product and when it retards the establishment of Canadian industry. Are there other causes?

**Mr. Labarge:** In this case "dumping" must meet these two conditions. It must be a lower price than the normal price indicated, and then there must be injury, or threat of injury.

**Mr. Énard:** But are these the only two conditions?

**Mr. Labarge:** The only two conditions.

**Mr. Énard:** According to my understanding "dumping" implies a surplus. This has been discussed previously. It has been said that a surplus production or a surplus crop are the two main causes which influence dumping. Are there other causes?



**Mr. Labarge:** Yes, you have taken the most important cases from the point of view of the exporter. The exporter finds too many goods on his market and the demand too low; he has a surplus and he wants to get rid of it. But you know there is also a temptation for an exporter to quote a very low price—a dumping price—to Canadian importers so that he may get into the Canadian market and latch on to part of the market. This is international competition and the same motives which exist in general trade, can be a temptation sometimes to practice dumping.

**Mr. Émard:** In this case the product must be sold in Canada at a price which is so low even with normal customs duties that it will be lower than the market price?

**Mr. Labarge:** The anti-dumping tariff would normally raise the price to a competitive level and even higher, that is higher than the price on the Canadian market because it is a penalty, it is a deterrent, otherwise, anti-dumping would not achieve its purpose.

Have I understood your question?

[English]

**The Vice-Chairman:** Are you finished, Mr. Émard?

[Interpretation]

• 1230

**Mr. Émard:** No, I don't think we understand each other. What I mean is that if a normal product, comes from the United States, there is a tariff...

**Mr. Labarge:** A tariff, here in Canada.

**Mr. Émard:** ... a tariff which is added to the market price for regular products. But in order to have dumping, according to my understanding, and that is what I want to find out from you, the price of the product sold must actually be lower than the normal price. Even with the imposition of the regular tariff, this price would still have to be lower than the sale price here in Canada.

**Mr. Labarge:** So that it can meet Canadian competition.

**Mr. Lambert (Edmonton-West):** There is confusion here, Mr. Émard, between the Canadian price and the price in the country of origin. At the present time, there is dumping when we can buy in the United States a quantity of a product, at a price which is lower than the price at which this product is usually sold to you or to Americans. Take for

example men's shirts. If the price of a shirt at the wholesale price, in the United States, is \$3.00 each, but if, when you go to the manufacturer, he sells them to you for \$2.00 each, this gives you an advantage to come to Canada and sell them. This is dumping.

**Mr. Emard:** This is not exactly the problem I raised. What I mean is taking the example of Mr. Lambert, let us say that I buy a shirt worth \$3.00 in the United States at \$2.00. Automatically, the Canadian government imposes a custom's duty which normally should raise the price from \$2.00 to perhaps \$3.00.

**Mr. Lambert (Edmonton West):** Not necessarily.

**Mr. Emard:** In order to have dumping, the shirts I may buy at \$2.00 perhaps I would buy them only at \$1.00 in the United States, because it is a model that is no longer in style in the States and which they want to get rid of by selling them on the Canadian market, are sold in certain cases even below cost price. Is this a case of dumping? Because Mr. Grey has explained that in 1904, when the Anti-dumping Act was adopted here, it was limited to clothing imports. The excess clothing production in the United States was channeled into Canada and sold at ridiculous prices. Is it the same case at the present time for certain products? Is not this one of the main causes of dumping?

**Mr. Labarge:** There is not doubt, and it is quite normal, that manufacturers try to get rid of surplus products or products which, due to a change in model are no longer popular in the country of origin. They are ready to accept the best price possible, and at the same time, they are prepared to take a great loss, as long as they get something out of it.

**Mr. Emard:** But in order to have a special act against dumping, the ordinary tariff must not be high enough to protect merchandise.

**Mr. Labarge:** No that is why we need an anti-dumping act.

**Mr. Emard:** This is what I was leading up to.

**Mr. Labarge:** This is the last defence.

**Mr. Emard:** According to your experience, can you tell us how dumping is practised? In general, how does an exporter proceed when he wants to practice dumping in Canada?



**Mr. Labarge:** It is when an exporter is ready to sell his merchandise to a Canadian merchant, at a price which is lower than the price at which he sells the same goods to his fellow citizens.

**Mr. Emard:** Does he proceed through a middle man in the case, at...?

• 1235

**Mr. Labarge:** He may even be influenced by a Canadian who goes there to ask him: "What is your lowest price?" He can be encouraged in this way.

Perhaps, he may offer the goods himself at a low price, as is done in all competition, but if he reduces his price lower than the price at which he sells in his own country he automatically practices dumping. He is influenced by competition and the possibility of making sales.

The Department of Finance would be in a better position to say what these pressures were. It is absolutely certain that foreign countries believed our market was not accessible and that we dealt with dumping in an automatic fashion without wondering whether it was detrimental to our industry.

Naturally, those who wished to export to Canada and even those who wanted to import certain articles at a lower price to sell them in Canada, said: "You have an extraordinary kind of automatic dumping duty. You do not take into account the demand for such products; you do not care whether or not there is a question of injury".

**Mr. Émard:** What about the American industries which have branches in Canada? Do they use these branch plants to practice dumping? Does this happen fairly often?

**Mr. Labarge:** There are cases where we have been obliged to impose dumping penalties, but I would not like to generalize because this is not a general situation.

**Mr. Émard:** One last question please. The fact that amendments to the present Anti-Dumping Act have been proposed means that we are not satisfied with the Act as it stands. You have just mentioned that under the pressure applied by GATT you have proposed certain changes to the present Act. What influenced you in making the other changes in the Act over and above those which have been requested by GATT?

[English]

One last question, please.

[Interpretation]

Then, all foreign exporters whose country had dumping laws more in keeping with the one that we proposed said: "It is not a game. Laws must be equivalent as to both parties."

Are you not afraid that with the proposed act, according to what you have stated, dumping will be encouraged in Canada?

**Mr. Labarge:** No. We do not intend to encourage it. However, there will be dumping where there is no injury to the Canadian economy. But then, where there is no injury, is it logical to apply the act?

**Mr. Émard:** Thank you, sir.

[English]

**The Vice-Chairman:** I have the names of Mr. Burton, Mr. Harkness and Mr. Lambert.

[Interpretation]

**Mr. Grey:** I have a supplementary question. Is it also not true that amendments were requested in the Act regarding Canadian producers who have less than 10 per cent of the present market?

**Mr. Labarge:** Definitely. It is another very important question. Some producers had no protection at all because they were not producing at least 10 per cent of the domestic demand in Canada. Now though, if competition should prove too stiff for them, the Anti-Dumping Act will be able to protect them.

[English]

**Mr. Burton:** Mr. Labarge, some of the provisions of the proposed legislation will give you a period of 90 days in which to make a preliminary determination of the facts and then a further 90 days for the proposed Tribunal to make a final determination?

• 1240

**Mr. Labarge:** Yes, it is the same.

**Mr. Burton:** Do you anticipate in the actual operation of the legislation that it will take you close to the ninety-day period in many cases to fulfill your responsibilities under the proposed clauses?

**Mr. Labarge:** The ninety-day period starts from what is known as the preliminary determination. Now, that determination is not made without some examination. In other words, we will consider the complaint which

has to be on two points and we will proceed to gather as quickly as we can whatever facts we can get. When there is a certainty in our mind that this investigation is likely to produce an injurious dumping situation we then will put out the preliminary determination. By that time we should be gaining speed because we have some work done on it. After that we have 90 days in which to get on with the job in the interests of the domestic producers and also so that the retroactive assessment is not so colossal that we will have difficulty in recovering the moneys that are due to us in the dump situation.

**Mr. Burton:** Of course, it is perfectly understandable that you will require time in order to make your preliminary determination. But I am trying to determine if you can anticipate, as far as you can do so, what your practice will be. Will it take you the 90 days in order to make your preliminary determination? Will it subsequently take the Tribunal close to the 90 days that is granted to it to make the final determination?

**Mr. Labarge:** This is hard to judge, but I would think that we would feel—we will have to feel—that we have to do it within the 90 days. There maybe cases where we will wish we had an extra 20 days and so forth, but once you get the kind of thinking that in certain cases you could extend it, I think you lose the tightness and compactness of this. Ninety days should, in general, be adequate, particularly where we have a preliminary investigation.

**Mr. Burton:** I appreciate what you have suggested, Mr. Labarge, and my questions were not asked with any thought of extending the time period, I can assure you.

**Mr. Labarge:** Do not shorten it.

**Mr. Burton:** I am concerned about one area. Is it possible for companies or concerns who may be involved in the investigation that you are conducting or that the Tribunal may be conducting, in effect, to drag their feet in order to lengthen the period of time that it will take you to make your decision to, as near as possible, the 90 days provided?

**Mr. Labarge:** They do this at their own peril, as it were, because we have provisions under which they will have to operate. We have not spelled it out here, but there is a determination made possible by the Minister within that period and it is not likely to be

less than what is anticipated in the final result. In some cases we simply apply 25 per cent or whatever percentage we want on the importation and tell them that this is what they are going to have to pay. This gets them into action pretty quickly.

• 1245

**Mr. Burton:** I see. Part of my concern was making sure I understood the full implications of the proposed legislation and that it did provide the final determination or order of the Tribunal would be retroactive for a period of 180 days in certain cases. I am sorry I do not have the proposed Bill before me this morning. If, in fact, the preliminary determination of the facts is made in good time before the ninety-day period and also the Tribunal does not require its full 90 days, then, of course, there is a good possibility that the one-dump case that was referred to earlier by Mr. Lambert could be avoided because the 180 days conceivably could take in the time period in which the one dump was made. However, if the full 90 days is used in each case, then, of course, the preliminary investigation would not be started until after the actual dump had been made. I wondered if there was some cause or need to extend the 180-day retroactivity time period to ensure that the one dump made prior to the commencement of the initial investigation could be covered.

**Mr. Labarge:** Personally, I do not think it is necessary. Our objective is to make these investigations and complete the case, as we hope the Tribunal will, as soon as possible because the earlier you catch it the earlier the situation is remedied. If there are massive importations or a series that cumulatively amount to a massive importation, it is far better to catch that as part of the investigation at the early stages and make a quick decision because we do not want another massive one to come in.

**Mr. Burton:** I certainly appreciate what you suggest that this will not be the practice in many cases, but I still wonder if there is not a possibility of a loophole existing here.

**Mr. Labarge:** I have been reminded that we start collecting dumping duty when we make the preliminary determination after, what I call, the preliminary investigation during that period of 90 days.



**Mr. Burton:** Yes, I understand that. It was prior to the commencement of your investigation that I was concerned with.

I just have two further questions, Mr. Chairman.

I was interested in finding out how you treat volume discounts in determining value, volume discounts that may be paid considerably after the original transaction has been made and, in fact, which may be determined only after the original transaction has been made.

**Mr. Labarge:** Mr. MacDermid, will you answer that question.

**Mr. MacDermid:** Mr. Chairman, paragraph 5 of the proposed Regulations deals with deferred rebates. A deferred volume rebate would fall within that paragraph. There are three conditions under which deferred volume rebates would be allowed.

First, that the discount was shown on the invoice at the time of the importation of the goods. In other words, there was some notation made on the invoice that the invoice price was subject to a deferred or volume rebate, but which was not known at the time.

Secondly, that the discounts was not greater in percentage and not more favourable in terms than those granted generally by the exporter on sales of goods used in determining the normal value of the goods. In other words, the discount that was being claimed was not in excess of that which was allowed to customers in the home market for similar quantities. Again, we are talking about a volume deferred rebate.

Thirdly, that the importer had provided the Deputy Ministers with an undertaking that he will comply with the terms and conditions relating thereto. In other words, he can get it, but we will expect him to earn it. If he does not earn it there will be a recalculation.

**Mr. Hales:** May I ask a supplementary? The word "invoices" was mentioned. Will they be made available to the one who will be laying the charges that there is dumping or will these invoices be held as confidential information that will not be available?

• 1250

**Mr. Labarge:** It will be confidential.

**Mr. Burton:** With respect to compensatory arrangements, I am interested in the determination of these and, in particular, in comparing the effect of compensatory arrangements

that may be available to the Canadian distributors or sellers of the product and the American sellers of a similar product. Do you have standard criteria or approaches in measuring this particular factor such as the advertising factor that was suggested by Mr. Blair earlier? How do you make such measurements in comparing the impact of such an arrangement as it applies to Canadian sales of a product and the sales of a similar product in the United States, for example? Does your approach use a volume of sales, population in the market area concerned or just how do you approach this matter in determining how to apply this factor?

**Mr. MacDermid:** I am not sure I understand your question, but I think it deals with the compensatory arrangements that are found on page 54. I want to point out that the only time that this will come into play will be in a case where the Deputy Minister decides that the selling price as shown on the invoice is not reliable. If the Deputy Minister decides that the selling price is reliable, that there is no reason for him to question it, then in determining the margin of dumping he will look at two factors. One, the normal value and, secondly, the export price. He will not question the selling price. However, if he decides that there is reason for him to question the selling price, then the question of compensatory arrangements will come into play. We have no guidelines on what compensatory arrangements are. I suppose if we did publish any this would be a good way for people not to adopt those, but to look for others, or they might just adopt that one just to see if they could get away with it. I do not know whether I have answered your question or not.

**Mr. Burton:** Possibly I could illustrate my question. Suppose a product was manufactured in the United States, sold in the United States, but some other product is sold in Canada. Say, \$10,000 worth of advertising is provided by the company in the United States for advertising in Canada. At the same time there is \$100,000 spent on advertising in the United States. Possibly the sales of this product in Canada amount to only 10,000 units whereas the sales in the United States may be 200,000 units. How do you relate these factors?

**Mr. MacDermid:** This is a matter of judgment, Mr. Chairman. I suppose one has to come to a decision whether an expenditure of



\$10,000 for this volume is in the same proportion to what he spends for a much larger volume in the home market. I think this is the type of situation which one might consider as falling within compensatory arrangements, but only if you came to the conclusion that the amount being expended in Canada for advertising was in excess of that which was being used in the home market. In other words, whether an unusual amount of money was being devoted to advertising in Canada. I think in that case one would certainly believe that this was a compensatory arrangement.

**Mr. Burton:** Do I understand then that you, in effect, have discretionary powers for determination?

• 1255

**Mr. MacDermid:** Yes, but what actually happens is that if the Deputy Minister decides that this is a situation where the selling price is unreliable because of this compensatory arrangement, then we are told in clause 10(c) how to establish the export price. In short, we are told to establish it by going to the price in Canada—to the first independent customer and then backing out costs incurred in getting the product into Canada. We would compare that price or that amount with the normal value and if we found that the built-up selling price was below the normal value, dumping duty would apply. We do not have to make a calculation as to whether this is a compensatory arrangement or the amount of it. If we suspect that it is reliable because of this amount, then we take another route to establish what the selling price should be.

**Mr. Labarge:** I think this may be a little hazy on the edges because we tend to think of payment for something that somebody does who works for us as being compensation. We have compensatory arrangements for which there is no compensatory effort, if you like. And then we have compensatory arrangements whereby in a situation where on the domestic market the man has a different level of trade—he sells to a different level of trade—than that on which he is selling to Canada and there is a factor in there where because of the larger quantity he buys there has to be some extra compensation by a larger discount than what he gives. So these two must not really be mixed up, but I think they are somewhat under the same word in the common sense of the word.

**The Vice-Chairman:** Gentlemen, we have only one or two minutes left. Mr. Harkness

will be the next one to ask questions. Would you like to ask your question or make your comment now, Mr. Harkness or would you like to wait until this afternoon's meeting?

**Mr. Harkness:** I was hoping that maybe we could complete our business this morning.

**The Vice-Chairman:** I am not sure that we can. There are several others who have indicated they want to ask questions, Mr. Lambert, Mr. Roberts, Mr. Flemming and Mr. Gray.

**Mr. Gray:** I will be happy to defer.

**Mr. Flemming:** Mine is only a supplementary question to Mr. Burton's question. I will only take half a minute when my turn comes around.

**The Vice-Chairman:** Let us try and complete it, then, if that is your wish.

**Mr. Harkness:** Mr. Flemming brought up the case of potatoes. I am concerned about the entire fruit and vegetable industry. These are all perishable commodities, most of them really much more so than potatoes. Some of them are commodities which can be only kept for a few days and they are also commodities in which, due to climatical conditions, there are frequently surpluses of a particular fruit and vegetable. In that case a dump can be made in Canada and because of the perishable nature of the commodity, time is the essential element. Any idea in this case of 90 days is completely hopeless. It will give no protection to the fruit and vegetable producers at all because if the product has been dumped into Canada, the market will be destroyed and the producer will be left in a hopeless condition and really has had no protection. Now, in the case of this industry, are there any means by which you will be able to prevent a dump very quickly?

**Mr. Labarge:** We certainly will not have to wait for the 90 days, but we must determine whether or not this really was dumping in the true sense of the word. It just may be that their market was low and, therefore, this would call for another kind of action, as with the corn, which would be a fixed value. This will most likely be the channel for the kind of situation you have described.

**Mr. Harkness:** This kind of situation happens more frequently than actual dumping, but say it was a case of actual dumping. How rapidly will you be able to act? I am getting at this from the practical point of view of

what protection, say, the peach grower will be able to secure in the event of a surplus or a big crop of peaches in the United States and thus a low price, or the producer there is willing to sell part of their product at a very low price in Canada in order to maintain their own price.

**Mr. Labarge:** Mr. Chairman, the intelligence system of these various industries is usually pretty good. They can foresee things that are in the wind, so to speak. I think if they alert us to the likelihood that there will be a surplus coming into Canada at dump prices, we hope to have our people ready to begin the operation and I would expect, this being the type of commodity that comes very largely from the United States, that we would be able to conclude an investigation in a very short period of time. If the first importation happens to get through before the preliminary determination of dumping, if it is a massive importation, or if it is a series of importations that in total represents a massive volume, we then can go back ninety days and probably pick up that importation or those importations.

• 1300

**Mr. Harkness:** My personal experience of this, when I was Minister of Agriculture, was that every year there were loud screams from the fruit producers, the strawberry producers of British Columbia especially, and it was always a pretty slow business getting action taken under what will now be clause 37 on page 96, which used to be value for duty. In other words it was not until a considerable amount of the fruit had actually come in that we in the Department of Agriculture ever succeeded in getting you people to put on a value for duty.

**Mr. Labarge:** On the other hand I think somewhere I heard the other day that we acted very quickly in all respects. Mr. Harkness, I can understand the feelings of the Department of Agriculture because we were part of their wailing wall in those days of difficulties. The problem here is that we get into a situation where it is not the application simply of a dump, it is more likely to be a condition where the price is down. I think that is more generally the situation. When you impose an arbitrary price it involves a great deal of search as to what it is going to bring about by way of retaliation, grievance, and compensation by the producers through the government of their country.

One does not precipitate oneself into a situation where afterwards one will be put to the wall and shot. There has got to be an ongoing exchange. I think we still do have those seasonal tariffs which apply but that still does not answer the problem you are talking about.

**Mr. Harkness:** No.

**Mr. Labarge:** But it does relieve a situation which could be worse in the course of this.

I think the statement Mr. Hind made about the alertness of the producers as far as complaints are concerned is true. I think they are faster than any other industry I know of because they are knowledgeable about what is happening on the other side of the border or on the other markets. They can see this very quickly and their associations are well organized for that. It is just a question then of whether we are applying a dump or whether we are applying a fixed value. If it is a fixed value there has to be some real thought given to the consequences of that value, whether it is a reasonable value, whether it is an exaggerated value, and then what are the effects of it going to be internationally on the imposition.

**The Vice-Chairman:** I wonder if I might interrupt here to ask Mr. Harkness if the is anxious to pursue this particular line of questioning and, if so, then I think we will have to adjourn and perhaps come back later.

**Mr. Lambert (Edmonton West):** I want to cut off this afternoon's meeting. That is far more important than continuing ten or fifteen minutes now.

**Mr. Harkness:** No, I do not want to continue dealing with fruits and vegetables any longer, as a matter of fact. However, I want to make the point that it is essential to use speed in applying whatever procedures you have at your command in order to prevent both dumping and selling of end-of-season fruits and vegetables at low prices in Canada.

• 1305

I have one other question I would like to ask in connection with oil. We have had some instances where cargoes of what was generally referred to as "dump oil" or "oil without a home" has been brought into Canada and sold at a very low price. This, of course, always tends to disrupt the market and cause considerable difficulties. Under the new provisions is there going to be any better way of dealing with this than has been the case in the past?



**Mr. Labarge:** We are talking about petroleum oil, are we?

**Mr. Harkness:** Yes, I mean crude oil or oil products in some cases. It has been mostly crude oil.

**Mr. Labarge:** This is one commodity where it had not occurred to us to look into the consequences, but our opinion as of the moment is that the law will be substantially what it was before, and our ability to react will be accordingly the same.

**Mr. Harkness:** I had hoped it might be improved.

**The Vice-Chairman:** Mr. Harkness have you any other questions?

**Mr. Harkness:** I just had one other question. Do you anticipate this Tribunal is going to have very much to do, or what is your opinion of how active it is likely to be?

**Mr. Labarge:** Since injury is one of the main conditions, it is going to have just about as much as we are going to have on establishing whether there is dumping because the two of them go together. Expect that we may have to look at the matter in a preliminary way, and if we do not see evidence of any dumping, we at that point can cease, and that saves them going into injury.

As to the volume, Mr. Harkness, I cannot really estimate it. I think all I can say is that we are going to be busier. Whether it will be the amount of work we will have to do as compared to what we did before is hard to judge because we will have greater punch or authority in carrying out these investigations so we expect to get the information more quickly. However, we are going to have to explore different forms of information than we have in the past, to arrive at the normal value, for instance. We, in our organization, have people in place to handle what we think is likely to be the situation, and it would amount to about, I would say, 20 per cent to 30 per cent more work in the beginning. However, we feel this may or may not be sufficient so we have a reserve strength to add to it. I think we will be quite busy in the beginning.

**Mr. Harkness:** Would the implication from this be that there is likely to be more dumping or more attempts at dumping than has been the case in the past?

**Mr. Labarge:** I think so because it is no longer automatic and the test is injury. Peo-

ple will say: I will find out whether I am going to get in there without committing injury and what it will cost me to do so.

**Mr. Lambert (Edmonton West):** My question is in a related field. I am a little concerned about the elaborate machinery being set up that may not be necessary. The Department of National Revenue has been able to deal with any dumping in the past, with no Tribunal, with no Advisory Panel and all the paraphernalia that will entail. Do we have to have a Tribunal and an Advisory Panel merely to determine the quantum of injury or the question of injury?

**Mr. Gray:** Mr. Chairman, may I raise a point of order? I wonder if we are not asking Mr. Labarge to comment on a policy matter which it may not be proper for him to be expected to deal with.

**Mr. Lambert (Edmonton West):** There may be an area of policy there, but I will recast the question. Mr. Labarge certainly is in a position to comment, as he is going to be a member of the Advisory Panel in his position as Deputy Minister, on what he envisages as the purpose of the Advisory Panel.

• 1310

**Mr. Labarge:** To establish injury where there is a complaint of injury by investigation; to establish whether there is or there is not. Second, to provide an investigatory force by using other departments, and perhaps some of their own people, to ascertain facts which the complainant in Canada is unable to do or is not equipped to do in time to have the application of the dump effective.

**Mr. Lambert (Edmonton West):** In other words, the Advisory Panel has the personnel who will do the leg work for the Tribunal?

**Mr. Labarge:** I am sorry. Yes, these people altogether represent working forces. We will, for instance, be making our input into this in terms of what knowledge we have of the injury.

**Mr. Lambert (Edmonton West):** Any matter being handled by the Tribunal must be referred to the Advisory Panel.

**Mr. Labarge:** Yes. I may not have been precise in that last answer. May I review the question with my advisors?



I am not too far off, the Tribunal does have staff. The others make their input with whatever information they have within their own departments.

**Mr. Flemming:** My supplementary to Mr. Burton's question is also related to Mr. Harkness' questioning about the discretionary power of the Deputy Minister. If he is satisfied a case exists to suspect dumping he applies the remedial duty that he considers justified even before the Tribunal has made a decision?

**Mr. Labarge:** That is right.

**Mr. Flemming:** That is correct, is it? That was my question, thank you.

**Mr. Labarge:** Those are the provisional duties, of course.

**The Vice-Chairman:** Do you have one last question, Mr. Gray?

**Mr. Gray:** I will make it a very quick question. The significance of the sections of the act with respect to provisional duty are not simply with respect to giving notice, duty is actually collected from the moment the preliminary determination is made by yourself?

**Mr. Labarge:** Right.

**Mr. Gray:** This goes on until the final determination of injury by the Tribunal?

**Mr. Labarge:** That is right.

**Mr. Gray:** Second, in response to a question by Mr. Lambert, I believe, who asked you about the effect of this law on attempts and dumping and so—perhaps I did not understand you correctly—I thought I heard you say there would be more dumping or more attempts at dumping. When you referred to dumping I presume you did not mean there would be more dumping of an injurious nature?

**Mr. Labarge:** No. Really we would say there would be people shipping into Canada at lower prices in circumstances which they feel will not be injurious. They may overstep this point. In any case it could result in somebody being surprised at seeing these goods and making a complaint. We are not talking

about whether we expect more dumping in this situation, but we are talking about the workload we will have in dealing with complaints which would result from these people who are coming into the market trying to find out at what level the price is going to be injurious.

**Mr. Gray:** You may have more complaints from Canadians who up until now did not have 10 per cent of the market?

**Mr. Labarge:** You are quite right, this is it.

**Mr. Gray:** With respect to dumping in the sense of sales in Canada at prices lower than in the country of origin, which actually causes injury or is likely to cause injury, you are not suggesting there will be more of that type of action?

**Mr. Labarge:** I do not think I would hazard a guess on that one.

**Mr. Gray:** The aim of the Bill is to prevent dumping which is injurious?

**Mr. Labarge:** Right.

**Mr. Gray:** Finally, with respect to the Panel, am I correct in suggesting that while the Tribunal must seek the advice of the Panel it does not necessarily have to wait until the Panel gives it all the information the Panel may want to? The Tribunal is obliged by law simply to seek the advice of the Panel but, as far as making its decision is concerned, it must act within ninety days no matter what the input of the Panel may be?

• 1315

**Mr. Labarge:** You are quite right.

**The Vice-Chairman:** Thank you, gentlemen. Thank you Mr. Labarge and your officials for meeting with us today. I understand it is the feeling of the Committee that they would like to adjourn without meeting again this afternoon.

**Mr. Gray:** I think, Mr. Chairman, thanks to the co-operation of our colleagues that we have completed our agenda for today. Perhaps we should adjourn to the call of the Chair when we are next ready to proceed.

HOUSE OF COMMONS  
First Session—Twenty-eighth Parliament  
1968

STANDING COMMITTEE  
ON

FINANCE, TRADE AND ECONOMIC AFFAIRS

*Chairman:* Mr. GASTON CLERMONT

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 8

TUESDAY, NOVEMBER 12, 1968

*Respecting*

Revised Estimates, 1968-69, Department of Insurance

*Including:*

- Appendix E: Estimates of Canadian Arsenals Limited
- Appendix F: Estimates of Canadian Commercial Corporation
- Appendix G: Estimates of Defence Construction (1951) Limited
- Appendix H: Estimates of the Dominion Bureau of Statistics
- Appendix I: Estimates of the Economic Council of Canada
- Appendix J: Estimates of the Department of Insurance
- Appendix K: Estimates of the Department of National Revenue
- Appendix L: Estimates of the Tax Appeal Board
- Appendix M: Estimates of the Department of Trade and Commerce
- Appendix N: Answer to question asked at meeting this day.

WITNESSES:

*From the Department of Insurance:* Messrs. R. Humphrys, Superintendent;  
E. E. Clarke, Assistant Superintendent; J. P. Taylor, Administrative Officer.

ROGER DUHAMEL, F.R.S.C.  
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
OTTAWA, 1968

STANDING COMMITTEE ON  
FINANCE, TRADE, AND ECONOMIC AFFAIRS

*Chairman:* Mr. Gaston Clermont

*Vice-Chairman:* Mr. Alastair Gillespie

and Messrs.

Blair,  
Burton,  
Comtois,  
Danson,  
Downey,  
Émard,

Flemming,  
Gauthier,  
Givens,  
Gleave,  
Gray,  
Hales,

Harkness,  
Lambert (*Edmonton*  
*West*),  
Latulippe,  
Perrault,  
Roberts,  
Trudel—(20).

Dorothy F. Ballantine,  
*Clerk of the Committee.*



## ORDER OF REFERENCE

HOUSE OF COMMONS

WEDNESDAY, October 16, 1968.

*Ordered*,—That, saving always the powers of the Committee of Supply in relation to the voting of public moneys, the items listed in the Revised Main Estimates for 1968-69, relating to Canadian Arsenals Limited, Canadian Commercial Corporation, Customs and Excise, Defence Construction (1951) Limited, the Dominion Bureau of Statistics, the Economic Council of Canada, Insurance, the Tax Appeal Board, Taxation and Trade and Commerce, be withdrawn from the Committee of Supply and referred to the Standing Committee on Finance, Trade and Economic Affairs.

ATTEST:

ALISTAIR FRASER,

*The Clerk of the House of Commons.*



(Text)

## MINUTES OF PROCEEDINGS

TUESDAY, November 12, 1968  
(10)

The Standing Committee on Finance, Trade and Economic Affairs met at 3.55 p.m. this day, the Chairman, Mr. Clermont, presiding.

*Members present:* Messrs. Blair, Clermont, Downey, Énard, Gauthier, Givens, Gray, Hales, Harkness, Lambert (*Edmonton West*), Roberts, Saltsman, Trudel—(13).

*Also present:* Mr. Ritchie.

*In attendance: From the Department of Insurance:* Messrs. R. Humphrys, Superintendent; E. E. Clarke, Assistant Superintendent; J. P. Taylor, Administrative Officer.

The Committee proceeded to consideration of the Revised Main Estimates, 1968-69, of the Department of Insurance.

The Chairman called Item 55: Supervision of Companies and Actuarial Services .....\$ 1,467,300.

The witnesses were called and Mr. Humphrys made a statement on the operations and responsibilities of his Department.

Messrs. Humphrys, Clark and Taylor were questioned. It was agreed that a written answer would be provided later to a question concerning surgical-medical insurance premiums and included as an appendix. (See *Appendix N*)

On motion of Mr. Gray, seconded by Mr. Trudel,

*Resolved,*—That the items listed in the Revised Main Estimates for 1968-69 relating to Canadian Arsenals Limited, Canadian Commercial Corporation, Customs and Excise, Defence Construction (1951) Limited, the Dominion Bureau of Statistics, the Economic Council of Canada, Insurance, the Tax Appeal Board, Taxation and Trade and Commerce, be printed as appendices in this day's issue of the Minutes of Proceedings and Evidence. (See *Appendices E to M.*)

Item 55 was carried.

*Ordered,*—That the Chairman report the Estimates of the Department of Insurance to the House.

On behalf of the Committee, the Chairman thanked the witnesses who then retired.

At 5.00 p.m. the Committee adjourned until Thursday, November 14, 1968 at 11.00 a.m. at which time study of the White Paper on Anti-Dumping will be resumed.

Dorothy F. Ballantine,  
*Clerk of the Committee.*





## EVIDENCE

(Recorded by Electronic Apparatus)

**Tuesday, November 12, 1968.**

● 1553

**The Chairman:** Gentlemen, I will call the meeting to order.

As you were previously informed, today we will be considering the Revised Main Estimates of the Department of Insurance, 1968-69. Our witness today is Mr. R. Humphrys, Superintendent, Department of Insurance. I will ask Mr. Humphrys to come to the head table and to introduce the other witnesses who have accompanied him.

**Mr. R. Humphrys (Superintendent, Department of Insurance):** Mr. Chairman and hon. members, I have with me Mr. E. E. Clarke, Assistant Superintendent, Department of Insurance and Mr. J. P. Taylor, Administrative Officer, Department of Insurance.

**The Chairman:** I understand Mr. Humphrys has a statement he would like to make before the Committee.

**Mr. Humphrys:** Yes, Mr. Chairman.

The Department of Insurance was established by the Department of Insurance Act, Chapter 70 of the Revised Statutes of Canada. Pursuant to this Act, the responsible Minister is the Minister of Finance and the deputy head of the Department is the Superintendent of Insurance. The office of the Superintendent of Insurance was first established by the Insurance Act of 1875 and at that time his office was attached to the Department of Finance. In the Insurance Act of 1910, which followed an extensive study of insurance matters in Canada by a Royal Commission that reported in 1906, it was provided that "the branch of the civil service by which the provisions of this Act are administered shall be known as the Department of Insurance." In 1924, an amendment to the Insurance Act provided more definitely that there would be a department of the Government of Canada to be known as the Department of Insurance. In the amendments of 1932 the constitution of the Department was dealt with by a separate Act which has remained unchanged since.

● 1555

The Department of Insurance Act in 1932 provided that the Department would be responsible for the administration of the Canadian and British Insurance Companies Act, the Civil Service Insurance Act, the Foreign Insurance Companies Act, the Loan Companies Act and the Trust Companies Act. Since that time, further duties have been added to the Department, mainly the administration of the Small Loans Act, the Co-operative Credit Associations Act, the Pension Benefits Standards Act and certain aspects of the Excise Tax Act relating to taxation of insurance premiums.

In addition to the administration of specific Acts, the Department through its Actuarial Branch provides actuarial advice to other departments of the government and performs extensive actuarial services in the valuation of government insurance and pension programs. Major items under this head include the Canada Pension Plan, the Unemployment Insurance Act, the Public Service Superannuation Act and matters relating to federal involvement in crop insurance plans. The Department also has obligations in connection with pension plans registered under the Income Tax Act.

**Mr. Harkness:** Would you please repeat that statement.

**Mr. Humphrys:** How far back, Mr. Harkness?

**Mr. Harkness:** Just the last sentence.

**Mr. Humphrys:**

The Department also has obligations in connection with pension plans registered under the Income Tax Act.

Many other instances arise where the Department's services and advice are required by other departments in connection with matters that require actuarial and technical study and advice or that concern companies that are under the supervision of the Department.

At the end of 1967, there were 397 insurance companies registered with the Department and 48 fraternal benefit societies. Included in these figures were 127 Canadian companies, 74 British companies and 196 foreign companies. Of the fraternal benefit societies, 14 are Canadian and 34 are from the United States.

The premium income in Canada in 1967 of fire and casualty companies amounted to \$1.5 billion and for life insurance companies to \$1.3 billion. Assets of Canadian life insurance companies at the end of 1967 amounted to \$13.4 billion and assets in Canada of British and foreign life insurance companies doing business in Canada amounted to about \$3 billion.

There are 13 mortgage loan companies licensed under the Loan Companies Act and nine trust companies licensed under the Trust Companies Act. In addition to supervising loan and trust companies that are federally incorporated, the Department supervises certain provincially incorporated loan and trust companies by agreement with some of the provinces. The provinces concerned in such agreements are Nova Scotia, New Brunswick and Manitoba. Pursuant to these agreements, the Department supervises one provincially incorporated loan company and nine trust companies.

The total assets of loan companies supervised by the Department amounted to \$597 million at the end of 1967 and the assets of trust companies similarly supervised amounted to \$1.4 billion apart from the estate, trusts and agency funds amounting to \$3.5 billion.

As respects the Small Loans Act, there are 81 companies licensed involving a total of 2,144 offices and loan balances outstanding amounting to \$52.3 million. There are five organizations supervised under the Co-operative Credit Associations Act and some 400 pension plans under the Pension Benefits Standards Act.

All of the expenses incurred by the Department in supervising financial institutions are recovered by annual assessments against these institutions. Such assessments cover not only the direct costs incurred by the Department as reflected in its estimates, but also the indirect costs in respect of services provided for the Department by other branches of the Government, as for example, office accommodation, financial services and mailing costs. The result is that about 80% of the total

expenses of the Department are recovered by specific assessments against companies supervised. The remaining expenses of the Department are practically all accounted for by services provided by the Department to other departments in respect of actuarial matters, particularly the actuarial valuation of government pension and insurance programs. These costs are reflected in the Department's estimates and it has not been the practice to bill other departments for the services so rendered.

The staff of the Department is relatively small considering the extent and scope of the work falling upon it. The nature of the work requires a staff that is highly skilled technically. The Department does not have large volume of material to process on a clerical basis and as a consequence the proportion of professional and technical staff is relatively high. The Department faces a continuing problem in acquiring and retaining suitably qualified technical staff, both in the actuarial line and in the accounting line.

#### • 1600

The Department has a staff of examiners that perform the examination of the financial condition and affairs of companies under its supervision. The main force of examiners is stationed in Toronto where the head offices of companies are concentrated. An office with several examiners is situated in Montreal and one man is stationed in Halifax, one in Winnipeg and one in Vancouver. Examiners from the offices in Montreal and Toronto make one or more trips a year to the Maritimes and to the West to perform annual examinations of companies located in those regions.

The actuarial staff of the Department is concentrated in Ottawa. This staff performs the actuarial services for other departments and also the actuarial services required in connection with the Department's supervisory activities.

With the growing complexity of financial organizations in Canada and the increasing volume of business, it appears likely that the responsibilities of the Department will tend to increase if adequate supervision is to be exercised. In addition, some provinces are proposing to the Department that it take on supervision of provincial institutions. Since the establishment of the Canada Deposit Insurance Corporation examiners on the staff of the Department have carried out examination work as required by that Corporation. The



examiners of the Department work in co-operation with provincial supervisors where matters relating to provincially incorporated companies are concerned.

The general organization of the Department has not changed for many years. With the growth in the extent, variety and complexity of the work it is becoming increasingly evident that the organizational structure will have to be revised. At present, an organizational study is being carried on by the Organization Analysis Division of the Bureau of Management Consulting Services attached to the Public Service Commission.

While the work of the Department can be said in one sense to consist primarily of the administration of certain statutes as already cited, it is not, of course, confined merely to seeing to it that the requirements of the legislation are being complied with. The main purpose of the existence of the Department and its main responsibility is to exercise the authority conferred upon it by the relevant statutes for the purpose of ascertaining the financial condition of the companies concerned and ensuring, so far as is possible, that each such company maintains itself in a position where it is able to discharge its obligations to the public. This work requires a broad knowledge on the part of the staff of the operation of the various types of financial institutions supervised, ability to understand quickly the financial implications of activities and programs and of changes in circumstances, and the ability to work with companies that may be in financial difficulties to enable them to recover or to transfer their liabilities to stronger companies. For supervision to be effective, the staff must be highly skilled and well-informed.

**The Chairman:** Thank you, Mr. Humphrys. Are there any questions?

**Mr. Harkness:** I would like to ask a question about the pension plans that are registered under the Income Tax Act over which you exercise supervision. I understand the regulations were recently changed as far as these pension plans are concerned and a considerable number of them which had made application as far back as two years ago have not yet been approved. Apparently it is fairly common for it to take this length of time for them to be approved, but, nevertheless, they usually go ahead and put them into operation. Under the new regulations, of course, a lot of these plans would not be eligible for registration. What is going to be the situation of the

plans for which applications were made and for which approval has not yet been given?

**Mr. Humphrys:** Mr. Chairman, the responsibilities of the Department of Insurance in that connection are to provide actuarial advice to the Department of National Revenue in connection with the past service liabilities of pension plans that apply for registration. The policy as respects the rules and regulations is the policy of the Department of National Revenue and I think the answer to your question would have to come from them since we merely serve them on the basis of the plans that are sent to us.

The references to the Superintendent of the Department of Insurance in the Income Tax Act require actuarial advice in connection with past service liabilities, but do not require the Superintendent of Insurance to exercise continuing supervision or to determine policy concerning the registration of the plans.

**Mr. Harkness:** So you would have no information on this particular point?

**Mr. Humphrys:** No, I would not be able to answer that question, Mr. Harkness.

• 1605

**Mr. Lambert (Edmonton West):** Mr. Humphrys, you mentioned that you render many other services to other departments. Why is there not a cost portrayal of the operations of your Department listed in the estimates? I admit you do show revenue which is primarily the 80 per cent of your services which are supported by the companies that are supervised, but what about the Department of National Revenue from both the income tax side and the Canada Pension Plan side? Do you bill them for your services as does the Post Office Department, for instance, in order to arrive at the true cost of your Department and the true cost to the other department? May I say, also, I believe the Department of Public Works does charge for the services it renders to other government departments in some way on a "hit or miss" basis.

**Mr. Humphrys:** I will answer the last part of your question, first, Mr. Lambert. The services that other departments render for the Department of Insurance are notified to us and we take those into account in the assessment of our expenses that we make against the companies we supervise. However, we do

not include in our estimates an item to reimburse the Department of Public Works for office accommodation. They include this expense in their estimates; they notify us of the amount; we collect it and it goes back into the Consolidated Revenue Fund, but it does not appear in our estimates.

You will note on this document that is before you, that there is a reference to the approximate value of major services provided for the Department which are not included in our estimates. That is, services provided by other departments to us. When we provide services for other departments—I would like Mr. Clarke to verify this point—I believe we notify the Canada Pension Plan of the expenses that our Department has incurred in connection with the actuarial services that we have rendered. Perhaps Mr. Clarke could clarify that point.

**Mr. E. E. Clarke (Assistant Superintendent, Department of Insurance):** The main cost of the Department of Insurance as respects the Canada Pension Plan is in connection with the valuation of the Canada Pension Plan, the estimates that will be made and the reports that will be made to Parliament. This will come at a frequency of every five years and will cover about a two-year period. For those two years the cost involved by the Department of Insurance will be very considerable and will be charged against the Canada Pension Plan.

In the intervening three years the cost will be very nominal. The services that we have provided up to the present time and that we expect to provide in that three-year period will be very nominal and we have not considered it worthwhile to charge it to the Canada Pension Plan.

In the two-year period dealing with the valuation, we do intend to make a close estimate of the cost and to bill the Canada Pension Plan for that cost.

**Mr. Lambert (Edmonton West):** I will move on to another section of your statement and your estimates. Under the section headed "Administrative and Foreign Service" I notice you have listed 25. Where do you fit in on the Foreign Service?

**Mr. Humphrys:** That is a general classification that is used in the estimates. We have no officers who would fall under the heading of Foreign Service. We only have administrative officers in that group.

**Mr. Lambert (Edmonton West):** Mr. Humphrys, under the new designation of senior executives 1 to 4, how many of these do you have in your Department?

**Mr. Humphrys:** We have four.

**Mr. Lambert (Edmonton West):** What categories are they?

**Mr. Humphrys:** I am sorry, we have five. Two of them are Senior Officer 3 and three of them are Senior Officer 1.

• 1610

**Mr. Lambert (Edmonton West):** I see. In order to achieve the position of senior executive was the incumbent promoted from the lower rank?

**Mr. Humphrys:** Yes.

**Mr. Lambert (Edmonton West):** From what rank did they come—Senior Officers 3?

**Mr. Humphrys:** They are Senior Officers 3 at present. They came up from Senior Officers 2.

**Mr. Lambert (Edmonton West):** I see. I do not see any reference in these estimates to the Canada Deposit Insurance Corporation, but in your statement you mentioned something about it. What do you estimate is the proportion of your Department's activities now dedicated to the CDIC? Is it 10 per cent or 20 per cent of your work?

**Mr. Humphrys:** It would not involve more than 10 per cent and probably less than that. It was quite high last year and the early part of this year because the Corporation was becoming organized and we did quite a lot of examination work for the department in connection with initial applications by provincial companies to become insured. But on a continuing basis the supervisors of the provinces concerned will exercise the immediate supervision and the amount of work that we will have to do will tend to decrease compared with the initial year.

**Mr. Lambert (Edmonton West):** Does your Department staff CDIC in the main or do these people come from the Department of Finance?

**Mr. Humphrys:** CDIC has its own staff, but at this time it consists only of three people and the Chairman. The examination work is done by our examiners for the CDIC.



**Mr. Lambert (Edmonton West):** You estimate that this is about the level of the requirements on your Department's workload for CDIC—about 10 per cent?

**Mr. Humphrys:** I would think that would be a fair estimate. It is hard to judge at this stage, but on a continuing basis, unless there is trouble, we do not expect much more than that.

**Mr. Lambert (Edmonton West):** I have one last area on which I would like to ask questions, Mr. Chairman. Mr. Humphrys, I believe it was two years ago when you had some rather pithy comments to make on the reliance of the general insurance companies on their income from non-earned premiums in order, shall we say, to balance their books.

In other words, the premiums they were charging for fire and auto insurance were not actuarially sound on the basis of their loss ratio and you felt that the industry as a whole should look to regularizing this position. The premiums should pay for the losses and the companies should not rely on the interest on the non-earned premiums or the prepaid premiums that they held. Has your position changed or are your views still the same?

**Mr. Humphrys:** Mr. Chairman, at the time I made those remarks in our Annual Report the industry was suffering quite heavy underwriting losses and we were concerned about the future of the industry and its ability to survive and provide for the insurance needs of the public.

• 1615

I felt that the premium structure had to be revised or the expenses of operation had to be cut. It did not seem to be within control of the companies to alter the claims rate, so the only thing they could do was either to cut their expenses or to raise their premiums in order to make ends meet. I felt that if continued heavy losses were to be experienced it would be most difficult to attract new capital into the industry to provide the necessary financial backing for expansion that would have to take place because the property values and the needs—the volume—for insurance are growing.

I felt it would not be a safe position to depend solely on the investment income to make up the difference because if that were done then the persons who had put capital

into the company would find that they were contributing the interest on their investment income capital to meet losses and it would quickly appear to the investors that they would be better off to invest their capital elsewhere and take the full amount of interest for themselves rather than having part of it drained off in insurance claims. I was much concerned lest there not be an adequate market to meet the insurance needs of the economy. I was especially concerned because in Canada we depend to such an enormous extent on companies from outside Canada to meet the insurance needs in the fire and casualty field.

**Mr. Lambert (Edmonton West):** But is there not a counter argument or, at least, a partial argument against that—that those people who prepay their premiums should receive the benefit of the income that is earned on those prepaid premiums by way of, say, reduced premiums or something towards the administrative expenses of the companies?

If, on the other hand, this should be turned over to the shareholders, then those people who have prepaid their premiums get no benefit of the prepayment. We know in the fire insurance field that the policies are normally on a three-year basis and this represents a considerable reserve, shall we say, for the fire insurance companies. Therefore, I do not think I would entirely agree with you, Mr. Humphrys, that the policyholders should not derive some benefit from this.

The other point is, of course, that the Minister of Finance has, presumably, taken care of this because he is going to siphon off that income in any event. I think, if I may say so, this was a retrograde step and that this was not a proper step to take.

**Mr. Blair:** That was only for life insurance companies.

**Mr. Lambert (Edmonton West):** No, this was also for the general insurance companies.

**Mr. Humphrys:** There has not been any change in that respect, Mr. Lambert, as far as the general insurance companies are concerned. Their tax position in that respect has not been changed.

**Mr. Lambert (Edmonton West):** It is strange then that the Minister of Finance should anticipate that he is going to get an increase of revenues from this additional field of taxation. I am subject to correction, but—



**Mr. Humphrys:** Not from the point of view of taxing investment income of domestic companies. I stand corrected here, your comment is correct as respects the non-resident companies.

**Mr. Lambert (Edmonton West):** And they represent a rather heavy proportion in the industry.

**Mr. Humphrys:** Hitherto the investment income in Canada of such companies has not been subject to tax and as an offset they have never been allowed to take credit for any portion of head office expenses and charge it against the Canadian operation. It is my understanding that the tax rules are to be changed in order to tax the investment income, but they will be granted an allowance for head office expenses.

**The Chairman:** Mr. Harkness, would you mind not leaving for a few moments. I have a motion which has to be approved by the Committee.

*(See Minutes of Proceedings)*

*[Interpretation]*

Mr. Trudel, I think you are next on the list.

• 1620

**Mr. Trudel:** Mr. Chairman, the question was asked by Mr. Lambert and answered by Mr. Humphrys. Thank you.

*[English]*

**Mr. Roberts:** Could you tell me, Mr. Humphrys, how many of the executive, scientific and professional officers in your Department are French-speaking?

**Mr. Humphrys:** Mr. Clarke and Mr. Taylor will look through their papers and give you the number.

**Mr. Roberts:** Fine, and perhaps I could also have the number as the ratio of the establishment as a whole.

**Mr. Saltsman:** I would like to ask Mr. Humphrys if his Department has done any research into the costs of selling insurance. My specific question is what percentage of every dollar collected goes toward administration, overhead and selling costs? Do you have any figures on that?

**Mr. Humphrys:** Yes, we have figures on that, Mr. Chairman. For Canadian life insurance companies, in 1967, 16 per cent of their

income went to pay commissions and general expenses.

**Mr. Gray:** Are you quoting from a public document?

**Mr. Humphrys:** Yes, it is our Annual Report. Mr. Chairman, these figures are shown in our Annual Report.

**Mr. Roberts:** May I have that again, did you say 15 per cent?

**Mr. Humphrys:** Sixteen per cent for life insurance companies.

**Mr. Saltsman:** What about casualty, automobile, fire and theft?

**Mr. Humphrys:** I have not calculated the ratio to total premiums. We do show in our Report the underwriting income earned, which would be the premium income less claims—no, I am sorry, the underwriting income earned would be the total premium income applicable to the year.

Thus, if a policyholder paid a three-year premium, the premium income earned in the year would be a third of that. So the underwriting income earned was distributed as follows: 63 per cent to claims; 13 per cent to commissions; 2.3 per cent to premium taxes; 17.5 per cent to general expense; 1.3 per cent to dividends to policyholders and 3 per cent to underwriting gains. These figures are shown on page 9A of Volume 1 of our Report for 1967.

**Mr. Saltsman:** I am sorry I did not realize this was available in your Report. Are general expenses equivalent to overhead expenses?

**Mr. Humphrys:** Yes.

**Mr. Saltsman:** With 17.5 per cent for general expenses and 13 per cent for commission roughly 30 per cent would cover administration and sales.

• 1625

My reason for asking this question, Mr. Humphrys, is to see if it is possible to evaluate the cost of selling and administering insurance under private competitive agencies as against a government insurance program. I know the comparison cannot be exact. Do you have any idea what the administration and selling costs would be for the Canada Pension Plan?

**Mr. Humphrys:** Perhaps Mr. Clarke may be able to make a comment on that point. Neither Mr. Clarke nor I can give you that figure, Mr. Saltsman.

**Mr. Saltsman:** I was wondering whether there is any indication of the percentage of moneys collected under the Canada Pension Plan which will actually go for a pay-out later on?

**Mr. Humphrys:** I am sorry, Mr. Chairman, I am not able to answer that question.

**Mr. Saltsman:** A number of years ago I had a chance to take a look at the Ontario Hospital Insurance program and the administration costs seemed remarkably low, I think the figure was something like  $2\frac{1}{2}$  per cent. About 97½ cents of every dollar collected were to cover hospital services. Would it be possible for your Department to get an answer to that question for me? It would be an interesting comparison for Members of Parliament to have.

**Mr. Humphrys:** Concerning the Canada Pension Plan?

**Mr. Saltsman:** Yes. In other words what percentage of the moneys collected will be used as pay-out, and how much of the moneys collected will be used for administration and overhead costs?

**Mr. Humphrys:** Mr. Chairman, we could inquire of the Department of Health and Welfare whether they have those figures.

**Mr. Lambert:** Mr. Chairman, is not that an amalgamation of the expenses of the Department of National Revenue to collect the money in the first place, and the expenses of the Department of National Health and Welfare to then administer the payment out? It has nothing to do with you.

**Mr. Gray:** Perhaps this question might better be asked when the estimates of the minister responsible for the Canada Pension Plan are before the relevant committee. The information may also be available in the Annual Report of the Canada Pension Plan which, I think, under the act has to be tabled in Parliament each year.

**Mr. Saltsman:** I appreciate the difficulty, Mr. Humphrys; my reason for asking the question at this time was to see if we could make a comparison in this Committee. Thank you, Mr. Chairman.

[Interpretation]

**The Chairman:** Mr. Émard.

**Mr. Émard:** Mr. Chairman, Mr. Humphrys, does your Department have any authority over mutual fund companies?

[English]

**Mr. Humphrys:** No, Mr. Chairman. Mutual funds are not at present supervised by any agency of the federal government or provincial governments, except to the extent that provincial securities legislation applies to mutual funds issuing securities within a province.

[Interpretation]

**Mr. Émard:** Can you tell me the initial salary of an actuary, in your Department?

[English]

**Mr. Humphrys:** The range of salaries for actuaries?

**Mr. J. P. Taylor (Administrative Officer, Department of Insurance):** In the executive, scientific and professional category, we have 14 out of 44.

**The Chairman:** No, it is the salary.

**Mr. Taylor:** I will have to look that up.

[Interpretation]

**Mr. Émard:** I am interested in the initial salary, the starting salary.

[English]

**Mr. Taylor:** It varies, of course, with the number of examinations. It starts around \$6200.

• 1630

**Mr. Humphrys:** We would start a student out of university, with very little in the way of actuarial training or qualifications, at \$6200. However, if he had progressed further in his actuarial studies, and had better technical qualifications, we would pay him a higher wage.

The necessary training for an actuary is obtained by studying and passing examinations set by the Society of Actuaries on this continent. There are ten examinations and we would gauge our starting salaries in accordance with the number of examinations the student had passed at the time he applied for a job.



Our starting salaries are gauged very closely to those offered by life insurance companies and consulting actuaries because we compete directly with them for students graduating from university who wish to pursue actuarial studies.

[Interpretation]

**Mr. Émard:** I do not think they get too high a salary. On the contrary. I see here an increase of \$20,200 in contributions to the pension plan. I also see that there are 19 new employees. Does this amount represent the contributions of these 19 employees or have you increased the retirement contributions?

At the beginning of your report, you mentioned "Housing"...

[English]

**Mr. Humphrys:** These contributions are a proportion of the salaries of all the employees of the Department. If I have understood the question properly, they would increase as the total... The contributions would depend upon the total salaries of all the employees in the Department. Because salaries have been increasing every time there is a general change in the salary level, our total salary bill has increased and the contributions for pensions are proportional to the total salaries.

[Interpretation]

**Mr. Émard:** Did your employees receive salary increases in 1968 during the course of the year?

[English]

**Mr. Humphrys:** Our employees get the same salary increases that are granted to the Public Service generally, and I understand there has not been a general salary increase this year.

[Interpretation]

**Mr. Émard:** I see here: "Contributions to the Canada Pension Plan and the Quebec Pension Plan". Does the fact that you contribute to the Quebec Pension Plan give you the right to supervise the Quebec Pension Plan?

[English]

**Mr. Humphrys:** No, Mr. Chairman, these contributions are in respect of those of our employees who are resident in Quebec. They are contributions by the employees, and we have no jurisdiction or responsibility in connection with the Quebec Pension Plan.

[Interpretation]

**Mr. Émard:** Do you know if a federal government department exists which has jurisdiction over, or rather, which may have a right to control or to examine the Quebec Pension Plan?

• 1635

[English]

**Mr. Humphrys:** Not to my knowledge, Mr. Chairman.

**Mr. Downey:** Just as a point of interest, Mr. Chairman, would Mr. Humphrys care to make a projection on the changing birth rate pattern and comment on the effect this may have on the Canada Pension Plan?

**Mr. Humphrys:** I would have to ask Mr. Clarke if he could make any comments in that connection.

**Mr. Gray:** I wonder if we are not placing Mr. Humphrys and his colleagues in a rather unfair position because I do not think it is amongst their responsibilities to supervise the operations of the Canada Pension Plan. I think one branch of the Department offers technical information in the actuarial field as requested but beyond that—I may be mistaken—I do not think they have any direct contact with the Plan.

**Mr. Downey:** Mr. Chairman, I was just wondering as a matter of personal interest if Mr. Humphrys would care to make a comment on this.

**Mr. Gray:** Mr. Humphrys' associate might be able to make a comment on the actuarial projections of trends of birth rates, but in so far as the implications to the Canada Pension Plan are concerned we might want to reserve that question for the people administering the Plan.

**The Chairman:** Mr. Gray, I think if Mr. Clarke feels he cannot reply to that question he will so indicate.

**Mr. Clarke:** I may say that the lower the birth rates the higher the cost of the Plan in the future. The effect will not be noticeable for the next 20 or 30 years, but lower birth rates generally result in a greater proportion of contributors at the older ages rather than at the younger ages. The cost will be greater, as the birth rates decrease beyond what we predict.



**The Chairman:** Have you any other questions, Mr. Downey?

**Mr. Downey:** Is not the birth rate now actually below what the Plan had anticipated initially?

**Mr. Clarke:** Yes, I believe it is, but the effect on the cost will not be noticeable for a long time in the future.

**Mr. Downey:** Very good, thank you.

**Mr. Hales:** Mr. Humphrys, about two years ago we passed legislation in the House dealing with the Canada Deposit Insurance Corporation, does it come under your jurisdiction?

**Mr. Humphrys:** It is not under the jurisdiction of the Department of Insurance, Mr. Chairman. The Superintendent of Insurance is named in the Canada Deposit Insurance Corporation Act as one of the directors, and our Department does provide certain services to the Canada Deposit Insurance Corporation on request. However, the Act is not administered by our Department.

**Mr. Hales:** As I recall, the provinces that wanted to come under these regulations could do so if they met certain standards in order to be certified. Does your Department investigate the provincial companies that wish to come under this Act?

**Mr. Humphrys:** Yes, Mr. Chairman, we have carried out investigations on behalf of the Canada Deposit Insurance Corporation and made reports to the Corporation in connection with such companies.

**Mr. Hales:** Would it be a fair question to ask if when you were looking into these various companies for certification you were appalled at the safety features that were available in these various companies? Or, would you like to answer that in another way?

**Mr. Humphrys:** I do not think I could make a general statement to that effect, Mr. Chairman, no.

**Mr. Hales:** Could you assure the Committee that many of these companies in the provinces are being certified and that they do come up to your specifications?

**Mr. Humphrys:** Yes, Mr. Chairman, we have insured many provincial trust and loan companies.

• 1640

**Mr. Hales:** There is nothing to make it compulsory for them to come under this Act?

**Mr. Humphrys:** No, Mr. Chairman, it is voluntary. Any provincial institution that wishes to become insured must apply. It must obtain the concurrence of its home government and it must be acceptable to the corporation with respect to its financial position.

**Mr. Hales:** I think the public should know whether a company has been certified or not. Is there any way the average man would know this? Supposing a person were deciding to invest some money in a trust company, is there anything on the trust company's literature to show that they have been certified?

**Mr. Humphrys:** They are required to post a notice on their entrance doors, and to display a notice on their public counters to the effect that they are members of the Canada Deposit Insurance Corporation. They may, if they wish, include information on their stationery and in their advertising indicating that they are a member. A list of members is given in the Annual Report of the Corporation.

**Mr. Hales:** Your Department sees that this is done?

**Mr. Humphrys:** On behalf of the Canada Deposit Insurance Corporation, yes, and on request by the Corporation.

**Mr. Hales:** I ask these questions because we pick up the newspaper and read, for instance, about the Commonwealth company in British Columbia and its associate companies, and I think it is up to us to see that the public is protected in this regard.

**Mr. Lambert (Edmonton West):** I take it, Mr. Humphrys, that the operations of the CDIC will come in as a Crown corporation report under statutory regulations?

**Mr. Humphrys:** That is correct, Mr. Chairman, it is regarded as a Crown corporation.

**The Chairman:** Mr. Humphrys, I am sure any companies that are certified by your Department would be very, very pleased to advertise the fact?

**Mr. Humphrys:** That has been our experience, Mr. Chairman. They wish to indicate on their literature and in their advertising that they are members.

**Mr. Gray:** May I ask a supplementary question? Is it not true that certain provinces have made it obligatory for trust and loan companies incorporated under their own laws to apply for certification?

**Mr. Humphrys:** Yes, Mr. Chairman, that has happened in some provinces.

**Mr. Gray:** Could you tell us which provinces they are?

**Mr. Humphrys:** They are Alberta, Manitoba, I think Saskatchewan, and Ontario. I think those are all the provinces where it has become obligatory.

**Mr. Gray:** You could supplement that later if others occur to you.

**Mr. Humphrys:** I think those are the only provinces that have required it. Quebec has its own plan of deposit insurance and when that comes into effect it will insure all deposit-taking institutions in the province.

**Mr. Lambert (Edmonton West):** I have a supplementary question. Is it not a fact, because the provinces have entered into, shall we say, stand-by arrangements whereby they insist that all trust companies operating under provincial supervision shall endeavour to obtain certification from the CDIC, that there is an undertaking by the province, in the event of loss arising from the operations of a company which did not really meet the standards of the CDIC, although it had a provisional certificate, that the province would assume a portion of the loss?

Therefore these provinces are interested in minimizing their potential losses and are pressing the companies to come up to the standards of CDIC. My question is: do you feel that in the two years of operation there has been a substantial upgrading in various provinces in the ratios and the various standards you would impose on these trust companies, and that ultimately we will be able to get away from the provisional certificates?

• 1645

**Mr. Humphrys:** Yes, Mr. Chairman I think there has been a definite improvement in the quality of legislation and in the quality of supervision. Financial strength is improving. It sometimes takes a period of time to change the direction of a company, and to bring it into a strong position. I think there has been very marked progress in the quality and effectiveness of the supervision, and I believe

this is leading to stronger institutions and greater protection for the public.

**The Chairman:** Mr. Hales have you any other questions to direct to Mr. Humphrys?

**Mr. Hales:** Not on this matter.

[Interpretation]

**Mr. Émard:** Mr. Chairman. Mr. Humphrys, how do you explain the reduction in your contributions to the medical insurance plan? This is a reduction of more than 50 per cent. You indicate here that for 1967-68, you have a contribution of \$5,100, and for 1968-69, you have \$2,400 only.

[English]

**Mr. Humphrys:** Mr. Chairman, I will ask Mr. Taylor to reply to that question.

**Mr. Taylor:** I am sorry I cannot explain. These figures are furnished to us by the Treasury Board, and I do not know the answer offhand.

**Mr. Gray:** Mr. Chairman may I suggest that Mr. Taylor might inquire and submit the answer to us in written form to be printed in our Proceedings?

[Interpretation]

**Mr. Émard:** Mr. Gray, I don't understand a thing. Could I have the interpretation, please.

**Mr. Gray:** I said that perhaps Mr. Taylor could inquire about your question and give the answer—written answer—and have it added to the committee's minutes.

**The Chairman:** Or else he could send the answer directly to Mr. Émard.

**Mr. Gray:** Or directly, yes.

**Mr. Émard:** Well this is only out of curiosity because I understood that your Department is paying a certain percentage of the various contributions to the medical insurance plan and it seemed funny to me that there was a decrease this year. But it is not terribly important.

**The Chairman:** Are you through, Mr. Émard?

**Mr. Émard:** Yes.

[English]

**Mr. Lambert (Edmonton West):** Mr. Humphrys we have noticed within the past three or four years, and you may have seen



the pattern earlier, the merger of many general and casualty insurance companies, particularly those companies of foreign origin, for instance, the British groups. Former companies that we already thought were giant, in a relative sense, have merged with two or three or more companies.

Do you foresee a continuing trend in that direction amongst United Kingdom companies, presumably most of them come from London, European companies represented in Canada and American companies?

**Mr. Humphrys:** It is hard to predict how far this movement will go. In the insurance world there are now some very large groups, and it seems to me there is not really much room now to go further in this type of amalgamation and joining forces.

I think there are strong economic pressures in that direction because of the desire to improve efficiency of operation and more importantly to improve and to increase the capacity of an insurance company to cover the very large risks that are now requiring insurance.

• 1650

**Mr. Lambert (Edmonton West):** With the advance in technology is there perhaps a risk that British-based and European-based companies that have even now merged may have to carry on their operations under greater mergers to compete with the American companies whose branch operations in Canada form part of the greater operations in the United States and which are now all becoming computerized? Shall I say, from my knowledge of the industry, particularly out on the West Coast, that we are not far away from that. Certainly a number of companies have already moved into it and are suffering certain growing pains at the present time.

However, within at least two or three years we should see them cranking out the policies with as little manual help as possible. These British and European groups will have to conform with that, bearing in mind that they cannot feed the information from Canada over to the United Kingdom or to the Continent and get the same kind of service that you can, say, working with Seattle and other places in the United States.

**Mr. Humphrys:** There is certainly an advantage, Mr. Chairman, in being able to use a computer that is at much closer range, as is the case where the head office is in the United States instead of in Europe.

However, I think the competitive forces will require the British and European groups to adopt the same techniques, and I think they will do it either by making use of computer services on a consulting basis or by combining into large enough units here to justify the use of computers in their operations. It is certainly going to be, and has already become, a major competitive factor.

**Mr. Lambert (Edmonton West):** Thank you, Mr. Chairman.

**Mr. Humphrys:** Mr. Chairman, in reply to an earlier question about the number of French-speaking persons in our scientific and professional group, we have 44 in total and 14 French-speaking.

**Mr. Roberts:** Could you tell us how many of those are in Montreal and how many are in Ottawa?

**Mr. Humphrys:** How many of the French-speaking persons are in Montreal and in Ottawa?

**Mr. Roberts:** Yes.

**Mr. Humphrys:** We have seven employees stationed in Montreal and four of them are French-speaking.

**Mr. Roberts:** So the rest would be here in Ottawa?

**Mr. Humphrys:** Yes.

**Mr. Roberts:** Thank you.

**Mr. Hales:** I have one further question before we carry the item. I notice under the heading "Travelling Expenses" that an increase of \$15,000 is shown. I would like to ask Mr. Humphrys or the comptroller what control there is over travelling expenses in your Department? How does one in your Department get a certificate or voucher to travel? What steps are taken to see there is no overlapping, to prevent, for instance, an inspector of the Canada Deposit Insurance Corporation and another inspector arriving in the same place at the same time? Just how is travelling expenditures controlled?

**Mr. Humphrys:** Mr. Chairman, the main part of our travel expense arises from our Examination Branch. The companies we have to examine are known to us; we schedule our work each year, and we designate the companies that will be subject to examination. The head of the Examination Branch plans the



work and allocates the teams to go into each company.

Thus we avoid the type of confusion such as you have referred to. The persons who are sent on work away from their home base may apply for and obtain an advance to cover their travel expenses, and when they finish the trip they submit the details of the expenses they have incurred. These expenses are reviewed by the branch head and by Mr. Taylor, and they are required to conform with general regulations applicable to travel expenses laid down by the Treasury Board. Does that answer your question, Mr. Hales?

• 1655

**Mr. Hales:** Yes, thank you.

**Mr. Humphrys:** The increase in travel expense that was indicated merely follows the work that had to be done. It would result from higher hotel costs, higher meal costs and possibly an increase in travelling because of the necessity of examining a number of provincial companies this last year which we did not have to do the previous year.

**Mr. Hales:** So any trip that is made must be okayed by the head of the Department?

**Mr. Humphrys:** Yes, Mr. Chairman, it is all planned in allocating the work of the Department. I would not say the head of the Department, but the head of the appropriate branch.

**The Chairman:** Mr. Humphrys, I do not think there is any possibility of duplication with the Canada Deposit Insurance Corporation because you said they have only four employees?

**Mr. Humphrys:** Yes, we do all the examination work for the Corporation, so there is no duplication there.

**Mr. Gray:** I just want to say that to some extent the increase referred to by Mr. Hales would be covered also by increases in the rates charged by airlines or railway companies. I think Air Canada had a fares increase.

**Mr. Humphrys:** Travel costs have gone up as well as hotel rates.

**Mr. Gray:** So the same amount of travelling might well cost more.

**The Chairman:** Shall Item 55 carry?  
Item agreed to.

**The Chairman:** This concludes the study by this Committee of the estimates of the Department of Insurance. Shall I report them to the House?

**Some hon. Members:** Agreed.

**The Chairman:** Thank you very much, gentlemen.

Appendix E

No. of Vote	Service	1968-69	1967-68	Change	
				Increase	Decrease
		\$	\$	\$	\$
	B—CANADIAN ARSENALS LIMITED				
30	Administration and Operation (Details, page 494).....	1	1		
35	Construction, Improvements and Equipment (Details, page 494).....	340,200	461,400		121,200
		340,201	461,401		121,200

Positions (man-years)		Details of Services	Amount	
1968-69	1967-68		1968-69	1967-68
			\$	\$
		B—CANADIAN ARSENALS LIMITED		
		Vote 30—Administration and Operation..... (12)	1	1
		Expenditure		
		1965-66..... \$ 1,494,945		
		1966-67..... 832,757		
		1967-68 (estimated)..... 1		
		Vote 35—Construction, Improvements and Equipment		
		Construction and Improvements..... (8)		15,000
		Equipment..... (9)	340,200	446,400
			340,200	461,400
		Expenditure		
		1965-66..... \$ 181,317		
		1966-67..... 420,340		
		1967-68 (estimated)..... 461,400		

Appendix F

No. of Vote	Service	1968-69	1967-68	Change	
				Increase	Decrease
		\$	\$	\$	\$
40	C—CANADIAN COMMERCIAL CORPORATION Administration and Operation (Details, page 494).....	2,387,000	2,058,000	329,000	

Positions (man-years)		Details of Services	Amount	
1968-69	1967-68		1968-69	1967-68
			\$	\$
		C—CANADIAN COMMERCIAL CORPORATION <b>Vote 40—Administration and Operation</b> Payment to Department of Defence Production for Administrative Services, and interest on loans..(12)	2,387,000	2,058,000



Appendix G

No. of Vote	Service	1968-69	1967-68	Change	
				Increase	Decrease
		\$	\$	\$	\$
	B-DEFENCE CONSTRUCTION (1951) LIMITED				
55	Expenses incurred by Defence Construction (1951) Limited in procuring the construction and maintenance of defence projects on behalf of the Department of National Defence and procuring the construction of such other projects as are approved by Treasury Board (Details, page 338).....	2,295,000	2,350,000	.....	55,000

Positions (man-years)		Details of Services	Amount	
1968-69	1967-68		1968-69	1967-68
			\$	\$
		B-DEFENCE CONSTRUCTION (1951) LIMITED		
		Vote 55-Expenses incurred by Defence Construction (1951) Limited in procuring the construction and maintenance of defence projects on behalf of the Department of National Defence and procuring the construction of such other projects as are approved by Treasury Board..... (12)	2,295,000	2,350,000
		Expenditure		
		1965-66..... \$ 1,963,878		
		1966-67..... 2,191,990		
		1967-68 (estimated)..... 2,252,000		

## Appendix H

No. of Vote	Service	1968-69	1967-68	Change	
				Increase	Decrease
		\$	\$	\$	\$
	C—DOMINION BUREAU OF STATISTICS				
40	Administration and Operation including the fee for membership in the Inter-American Statistical Institute and a contribution of \$500 to the International Statistical Institute (Details, page 251).....	27,405,000	23,780,900	3,624,100	

Positions (man-years)		Details of Services	Amount	
1968-69	1967-68		1968-69	1967-68
			\$	\$
		<b>C—DOMINION BUREAU OF STATISTICS</b>		
		<b>Approximate Value of Major Services not included in these Estimates</b>		
		Accommodation (provided by the Department of Public Works).....	1 740,400	1,661,600
		Accounting and cheque issue services (Comptroller of the Treasury).....	129,800	60,600
		Contributions to Superannuation Account (Treasury Board).....	1,373,400	1,038,800
		Contributions to Canada Pension Plan Account and Quebec Pension Plan Account (Treasury Board)....	232,400	267,800
		Employee surgical-medical insurance premiums (Treas- ury Board).....	47,200	102,700
		Employee compensation payments (Department of Labour).....	4,700	6,700
		Carrying of franked mail (Post Office Department).....	613,000	437,400
			4,140,900	3,625,600
		<b>Vote 40—Administration and Operation including the fee for membership in the Inter-American Statistical Institute and a contribution of \$509 to the International Statistical Institute</b>		
		<b>Salaried Positions:</b>		
		Executive, Scientific and Professional:		
1	1	Dominion Statistician (\$26,500)		
1	1	Senior Officer 3 (\$20,500-\$25,750)		
3	2	Senior Officer 2 (\$18,500-\$23,500)		
3	1	Senior Officer 1 (\$16,500-\$21,250)		
29	8	(\$18,000-\$21,000)		
50	33	(\$16,000-\$18,000)		
128	124	(\$14,000-\$16,000)		
115	111	(\$12,000-\$14,000)		
138	141	(\$10,000-\$12,000)		
40	55	(\$8,000-\$10,000)		
5	7	(\$6,000-\$8,000)		
		<b>Administrative and Foreign Service:</b>		
6	4	(\$16,000-\$18,000)		
16	9	(\$14,000-\$16,000)		
40	39	(\$12,000-\$14,000)		
61	19	(\$10,000-\$12,000)		
208	92	(\$8,000-\$10,000)		
96	14	(\$6,000-\$8,000)		
		<b>Administrative Support:</b>		
6	7	(\$8,000-\$10,000)		
279	324	(\$6,000-\$8,000)		
1,419	1,451	(\$4,000-\$6,000)		
160	226	(Under \$4,000)		
		<b>Technical, Operational and Service:</b>		
	4	(\$12,000-\$14,000)		
5	11	(\$10,000-\$12,000)		
94	66	(\$8,000-\$10,000)		
112	147	(\$6,000-\$8,000)		
16	9	(\$4,000-\$6,000)		
	23	(Under \$4,000)		
3,031	2,934			



Positions (man-years)		Details of Services	Amount	
1968-69	1967-68		1968-69	1967-68
			\$	\$
		<b>C—DOMINION BUREAU OF STATISTICS</b> (Continued)		
		<b>Vote 40 (Continued)</b>		
(3,031)	(2,934)	Continuing Establishment.....	20,828,200	16,885,600
(408)	(269)	Casuals and Others.....	1,441,000	1,436,800
(3,439)	(3,203)	Salaries and Wages.....(1)	22,269,200	18,322,400
		Overtime.....(1)	156,700	211,600
		Travelling Expenses.....(2)	543,000	474,400
		Freight, Express and Cartage.....(2)	22,800	21,200
		Postage.....(2)	54,500	56,600
		Telephones and Telegrams.....(2)	197,500	147,200
		Printing of Publications.....(3)	928,800	857,400
		Informational Publicity and Advertising.....(3)	78,300	83,700
		Remuneration and Expenses of Enumerators.....(4)	982,000	1,009,700
		Other Professional and Special Services.....(4)	1,253,200	532,300
		Rental of Office Equipment.....(5)	495,900	513,500
		Office Stationery, Supplies and Equipment.....(7)	1,357,100	1,394,700
		Publications for Crop Correspondents and Miscellaneous Materials and Supplies.....(7)	71,600	88,100
		Membership Fee, the Inter-American Statistical Institute.....(10)	11,300	11,100
		Contribution to the International Statistical Institute.....(10)	500	500
		Sundries.....(12)	22,300	51,500
			28,444,700	23,780,900
		Less—Amounts recoverable from Manpower and Immigration (\$969,700) and the Atlantic Development Board (\$70,000).....(13)	1,039,700	
			<b>27,405,000</b>	<b>23,780,900</b>
		Expenditure Revenue		
		1965-66..... \$ 14,499,979 \$ 211,491		
		1966-67..... 26,634,200 100,472		
		1967-68 (estimated)..... 23,650,000 110,000		

Appendix I

No. of Vote	Service	1968-69	1967-68	Change	
				Increase	Decrease
		\$	\$	\$	\$
	B—ECONOMIC COUNCIL OF CANADA				
20	Administration (Details, page 386).....	1,601,000	1,622,800	.....	21,800

Positions (man-years)		Details of Services	Amount	
1968-69	1967-68		1968-69	1967-68
			\$	\$
		B—ECONOMIC COUNCIL OF CANADA		
		Approximate Value of Major Services not Included in these Estimates		
		Accommodation (provided by the Department of Public Works).....	90,000	85,000
		Accounting and cheque issue services (Comptroller of the Treasury).....	5,600	10,000
		Contributions to Superannuation Account (Treasury Board).....	117,100	100,000
		Contributions to Canada Pension Plan Account and Quebec Pension Plan Account (Treasury Board)....	10,100	11,200
		Employee surgical-medical insurance premiums (Treas- ury Board).....	2,500	5,400
		Carrying of franked mail (Post Office Department)....	6,600	3,200
			231,900	214,800
		Vote 20—Administration		
		ADMINISTRATION		
		Salaried Positions:		
		Executive, Scientific and Professional:		
		Chairman (\$30,000)		
		Director (\$25,250)		
		Senior Officer 3 (\$20,500-\$25,750)		
		Senior Officer 2 (\$18,500-\$23,500)		
		Senior Officer 1 (\$16,500-\$21,250)		
		(\$18,000-\$21,000)		
		(\$16,000-\$18,000)		
		(\$14,000-\$16,000)		
		(\$12,000-\$14,000)		
		(\$10,000-\$12,000)		
		(\$8,000-\$10,000)		
		(\$6,000-\$8,000)		
		Administrative and Foreign Service:		
		(\$14,000-\$16,000)		
		(\$10,000-\$12,000)		
		(\$6,000-\$8,000)		

Positions (man-years)		Details of Services	Amount	
1968-69	1967-68		1968-69	1967-68
			\$	\$
		<b>B—ECONOMIC COUNCIL OF CANADA</b> (Continued)		
		<b>Vote 20 (Continued)</b>		
		<b>ADMINISTRATION (Continued)</b>		
		Salaried Positions: (Continued)		
		Technical, Operational and Service:		
1	1	(\$6,000-\$8,000)		
1	1	(\$4,000-\$6,000)		
		Administrative Support:		
13	10	(\$6,000-\$8,000)		
38	37	(\$4,000-\$6,000)		
5	7	(Under \$4,000)		
117	113			
(117)	(113)	Continuing Establishment.....	1,131,000	1,145,000
(3)	(3)	Casuals and Others.....	14,000	12,000
(120)	(116)	Salaries and Wages..... (1)	1,145,000	1,157,000
		Travelling and Removal Expenses..... (2)	68,300	67,000
		Freight, Express and Cartage..... (2)	800	800
		Postage..... (2)	200	200
		Telephones and Telegrams..... (2)	14,700	14,500
		Publication of Reports and Studies..... (3)	15,800	15,500
		Advertising..... (3)	200	200
		Professional and Special Services..... (4)	73,400	72,000
		Rental of Office Machines..... (5)	7,200	7,000
		Repair of Office Equipment..... (6)	800	500
		Office Stationery, Supplies and Equipment..... (7)	15,000	15,000
		Acquisition of Furniture..... (9)	2,800	2,800
		Sundries..... (12)	15,800	15,500
			1,360,000	1,368,000
		<b>Expenditure</b>		
		1965-66..... \$ 1,031,550		
		1966-67..... 1,326,811		
		1967-68 (estimated)..... 1,368,000		
		<b>SPECIAL STUDIES AND REFERENCES</b>		
(12)	(11)	Casuals and Others..... (1)	105,900	122,300
		Travelling and Removal Expenses..... (2)	1,500	1,500
		Professional and Special Services..... (4)	133,600	131,000
			241,000	254,800
		<b>Expenditure</b>		
		1965-66..... \$ 84,812		
		1966-67..... 109,122		
		1967-68 (estimated)..... 254,800		
		<b>Total, Vote 20.....</b>	<b>1,601,000</b>	<b>1,622,800</b>
		<b>Expenditure</b>		
		1965-66..... \$ 1,116,362		
		1966-67..... 1,435,933		
		1967-68 (estimated)..... 1,622,800		



Appendix J

No. of Vote	Service	1968-69	1967-68	Change	
				Increase	Decrease
	C—INSURANCE	\$	\$	\$	\$
55	Supervision of Companies and Actuarial Services (Details, page 155).....	1,467,300	1,271,000	196,300	

Positions (man-years)		Details of Services	Amount	
1968-69	1967-68		1968-69	1967-68
			\$	\$
		<b>C—INSURANCE</b>		
		<b>Approximate Value of Major Services not Included in these Estimates</b>		
		Accommodation (provided by the Department of Public Works).....	83,600	76,000
		Safe-keeping of securities, accounting and cheque issue services (Comptroller of the Treasury).....	106,000	104,000
		Contributions to Superannuation Account (Treasury Board).....	90,900	70,700
		Contributions to Canada Pension Plan Account and Quebec Pension Plan Account (Treasury Board)...	10,500	8,200
		Employee surgical-medical insurance premiums (Treas- ury Board).....	2,400	5,100
		Carrying of franked mail (Post Office Department)....	14,200	8,000
			307,600	272,000
		<b>Vote 55—Supervision of Companies and Actuarial Services</b>		
		<b>Salaried Positions:</b>		
		<b>Executive, Scientific and Professional:</b>		
		Superintendent of Insurance (\$26,500)		
1	1	Senior Officer 3 (\$20,500-\$25,750)		
2	2	Senior Officer 1 (\$16,500-\$21,250)		
2	2	(\$18,000-\$21,000)		
4		(\$16,000-\$18,000)		
3	2	(\$14,000-\$16,000)		
7	10	(\$12,000-\$14,000)		
14	12	(\$10,000-\$12,000)		
8		(\$8,000-\$10,000)		
14	16	(\$6,000-\$8,000)		
	10	<b>Administrative and Foreign Service:</b>		
		(\$16,000-\$18,000)		
2	2	(\$12,000-\$14,000)		
3	1	(\$10,000-\$12,000)		
2	3	(\$8,000-\$10,000)		
12	6	(\$6,000-\$8,000)		
6		<b>Administrative Support:</b>		
		(\$6,000-\$8,000)		
15	12	(\$4,000-\$6,000)		
43	44	(Under \$4,000)		
5	2			
144	125			
(144)	(125)	<b>Continuing Establishment</b> .....	1,204,000	1,022,000
(2)	(2)	<b>Casuals and Others</b> .....	8,000	8,000
(146)	(127)	<b>Salaries and Wages</b> .....(1)	1,212,000	1,030,000
		<b>Travelling Expenses</b> .....(2)	51,000	36,000
		<b>Freight, Express and Cartage</b> .....(2)	500	600
		<b>Postage</b> .....(2)	600	400
		<b>Telephones and Telegrams</b> .....(2)	8,000	5,000
		<b>Publication of Departmental Reports and Other Material</b> .....(3)	160,000	167,000
		<b>Professional and Special Services</b> .....(4)	6,500	5,000
		<b>Repair of Office Furniture and Equipment</b> .....(6)	300	300
		<b>Office Stationery, Supplies and Equipment</b> .....(7)	25,700	24,000
		<b>Acquisition of Furniture and Furnishings</b> .....(9)	2,500	2,500
		<b>Sundries</b> .....(12)	200	200
			<b>1,467,300</b>	<b>1,271,000</b>
		<b>Expenditure Revenue</b>		
		1965-66.....\$ 967,573 \$ 847,041		
		1966-67.....1,124,626 968,142		
		1967-68 (estimated).....1,325,000 1,226,000		

## Appendix K

No. of Vote	Service	1968-69	1967-68	Change	
				Increase	Decrease
		\$	\$	\$	\$
	A—CUSTOMS AND EXCISE				
(S)	Minister of National Revenue—Salary and Motor Car Allowance (Details, page 371)....	17,000	17,000		
1	General Administration, Operation and Maintenance including authority, notwithstanding the Financial Administration Act, to spend revenue received during the year from firms and individuals requiring special services (Details, page 371).....	61,429,000	59,720,000	1,709,000	
	SUMMARY				
	To be voted.....	61,429,000	59,720,000	1,709,000	
	Authorized by Statute.....	17,000	17,000		
		61,446,000	59,737,000	1,709,000	
	B—TAXATION				
5	General Administration and District Offices including recoverable expenditures on behalf of the Canada Pension Plan (Details, page 374).....	62,725,600	57,833,900	4,891,700	
	C—TAX APPEAL BOARD				
(S)	Salaries of Members of the Board (Details, page 377).....	130,250	113,000	17,250	
10	Administration Expenses (Details, page 377)...	211,300	193,400	17,900	
		341,550	306,400	35,150	
	SUMMARY				
	To be voted.....	211,300	193,400	17,900	
	Authorized by Statute.....	130,250	113,000	17,250	
		341,550	306,400	35,150	



Positions (man-years)		Details of Services	Amount	
1968-69	1967-68		1968-69	1967-68
			\$	\$
		<b>A—CUSTOMS AND EXCISE</b>		
		<b>Approximate Value of Major Services not Included in these Estimates</b>		
		Accommodation (provided by the Department of Public Works).....	12,570,900	11,356,700
		Accommodation (in this Department's own buildings)...	162,000	157,000
		Accounting and cheque issue services (Comptroller of the Treasury).....	966,200	903,900
		Contributions to Superannuation Account (Treasury Board).....	9,263,600	7,236,100
		Contributions to Canada Pension Plan Account and Quebec Pension Plan Account (Treasury Board)....	1,284,500	1,040,600
		Employee surgical-medical insurance premiums (Treas- ury Board).....	326,500	756,300
		Employee compensation payments (Department of Labour).....	30,600	39,500
		Carrying of franked mail (Post Office Department)....	681,000	551,500
			<b>25,285,300</b>	<b>22,041,600</b>
		<b>Statutory—Minister of National Revenue—Salary and Motor Car Allowance</b>		
		Salary.....(1)	15,000	15,000
		Motor Car Allowance.....(1)	2,000	2,000
			<b>17,000</b>	<b>17,000</b>
		<b>Vote 1—General Administration, Operation, and Maintenance including authority, notwith- standing the Financial Administration Act, to spend revenue received during the year from firms and individuals requiring special services</b>		
		<b>GENERAL ADMINISTRATION</b>		
		<b>Salaried Positions:</b>		
		<b>Executive, Scientific and Professional:</b>		
		Deputy Minister, Customs and Excise (\$26,500)		
		Senior Officer 2 (\$18,500–\$23,500)		
		Senior Officer 1 (\$16,500–\$21,250)		
		(\$14,000–\$16,000)		
		(\$12,000–\$14,000)		
		(\$10,000–\$12,000)		
		(\$8,000–\$10,000)		
		<b>Administrative and Foreign Service:</b>		
		(\$18,000–\$21,000)		
		(\$16,000–\$18,000)		
		(\$14,000–\$16,000)		
		(\$12,000–\$14,000)		
		(\$10,000–\$12,000)		
		(\$8,000–\$10,000)		
		(\$6,000–\$8,000)		
		<b>Technical, Operational and Service:</b>		
		(\$8,000–\$10,000)		
		(\$6,000–\$8,000)		
		(\$4,000–\$6,000)		
		(Under \$4,000)		

Positions (man-years)		Details of Services	Amount	
1968-69	1967-68		1968-69	1967-68
			\$	\$
		A—CUSTOMS AND EXCISE (Continued)		
		Vote 1 (Continued)		
		GENERAL ADMINISTRATION (Continued)		
		Salaried Positions: (Continued)		
		Administrative Support:		
1	1	(\$8,000-\$10,000)		
36	33	(\$6,000-\$8,000)		
324	356	(\$4,000-\$6,000)		
144	139	(Under \$4,000)		
1	1	Prevailing Rate Positions:		
		(Full Time)		
786	797	Continuing Establishment.....	4,490,000	4,431,000
(786)	(797)	Casuals and Others.....	43,000	20,000
(12)	(5)			
(798)	(802)	Salaries and Wages.....(1)	4,533,000	4,451,000
		Overtime.....(1)	5,000	2,000
		Travelling and Removal Expenses.....(2)	509,000	570,000
		Postage.....(2)	21,000	98,000
		Freight, Express and Cartage.....(2)	21,000	6,000
		Telephones and Telegrams.....(2)	66,000	61,000
		Departmental Publications.....(3)	60,000	2,000
		Professional and Special Services.....(4)	39,000	40,000
		Rental of Buildings.....(5)	1,000	2,000
		Rental of Equipment.....(5)	30,000	
		Repairs of Equipment.....(6)	16,000	9,000
		Office Stationery and Supplies.....(7)	78,000	212,500
		Materials and Supplies.....(7)	24,000	12,000
		Acquisition of Equipment.....(9)	127,000	22,500
		Sundries.....(12)	38,000	4,000
			5,568,000	5,492,000
		Expenditure		
		1965-66.....\$ 3,338,000		
		1966-67.....3,703,000		
		1967-68 (estimated).....4,662,000		
		CUSTOMS OPERATIONS		
		Salaried Positions:		
		Executive, Scientific and Professional:		
2	2	Senior Officer 3 (\$20,500-\$25,750)		
		Administrative and Foreign Service:		
16	16	(\$18,000-\$21,000)		
1	1	(\$16,000-\$18,000)		
21	21	(\$14,000-\$16,000)		
62	62	(\$12,000-\$14,000)		
72	69	(\$10,000-\$12,000)		
594	535	(\$8,000-\$10,000)		
121	115	(\$6,000-\$8,000)		
		Technical, Operational and Service:		
79	106	(\$4,000-\$6,000)		
10	6	(Under \$4,000)		
24	24	(Part Time)		
		Administrative Support:		
140	140	(\$8,000-\$10,000)		
3,288	3,288	(\$6,000-\$8,000)		
2,105	2,079	(\$4,000-\$6,000)		
294	294	(Under \$4,000)		
		(Part Time)		
45	46	(Seasonal)		

Positions (man-years)		Details of Services	Amount	
1968-69	1967-68		1968-69	1967-68
			\$	\$
		<b>A—CUSTOMS AND EXCISE (Continued)</b>		
		<b>Vote 1 (Continued)</b>		
		CUSTOMS OPERATIONS (Continued)		
		Salaried Positions: (Continued)		
12	9	Prevailing Rate Positions: (Full Time)		
16	11	Local Assistance Abroad: (Full Time)		
6,902	6,825	Continuing Establishment.....	42,293,000	41,840,000
(6,882)	(6,805)	Casuals and Others.....	300,000	549,000
(65)	(137)			
(6,947)	(6,942)	Salaries and Wages.....(1)	42,593,000	42,389,000
		Overtime.....(1)	1,082,000	1,088,000
		Allowances.....(1)	322,000	292,000
		Travelling and Removal Expenses.....(2)	1,065,000	712,000
		Postage.....(2)	309,000	213,000
		Freight, Express and Cartage.....(2)	125,000	85,000
		Telephones and Telegrams.....(2)	303,000	227,000
		Departmental Publications.....(3)	319,000	44,500
		Professional and Special Services.....(4)	150,000	101,000
		Rental of Buildings.....(5)	38,000	27,500
		Rental of Equipment.....(5)	78,000	
		Repairs of Buildings and Works.....(6)	160,000	130,000
		Repairs of Equipment.....(6)	15,000	12,500
		Public Utility Services.....(7)	70,000	60,000
		Office Stationery and Supplies.....(7)	536,000	1,084,000
		Materials and Supplies.....(7)	1,243,000	1,266,000
		Construction or Acquisition of Land, Buildings and Works.....(8)	300,000	260,000
		Acquisition of Equipment.....(9)	434,000	77,500
		Sundries.....(12)	17,000	8,000
			49,159,000	48,077,000
		Less—Amount recoverable from firms and individ- uals requiring special services.....(13)	1,934,000	2,000,000
			47,225,000	46,077,000
		Expenditure		
		1965-66.....\$ 38,152,000		
		1966-67.....43,271,000		
		1967-68 (estimated).....45,787,000		
		<b>EXCISE TAX</b>		
		Salaried Positions:		
		Executive, Scientific and Professional:		
1	1	Senior Officer 3 (\$20,500-\$25,750)		
2	2	Senior Officer 1 (\$16,500-\$21,250)		
3	3	(\$18,000-\$21,000)		
3	3	(\$16,000-\$18,000)		
21	21	(\$14,000-\$16,000)		
35	35	(\$12,000-\$14,000)		
133	143	(\$10,000-\$12,000)		
225	247	(\$8,000-\$10,000)		
122	135	(\$6,000-\$8,000)		



Positions (man-years)		Details of Services	Amount	
1968-69	1967-68		1968-69	1967-68
			\$	\$
		<b>A—CUSTOMS AND EXCISE (Continued)</b>		
		<b>Vote 1 (Continued)</b>		
		<b>EXCISE TAX (Continued)</b>		
		Salaried Positions: (Continued)		
		Administrative and Foreign Service:		
9	9	(\$18,000-\$21,000)		
3	3	(\$14,000-\$16,000)		
10	10	(\$12,000-\$14,000)		
36	28	(\$10,000-\$12,000)		
146	140	(\$8,000-\$10,000)		
11	8	(\$6,000-\$8,000)		
		Administrative Support:		
17	17	(\$6,000-\$8,000)		
214	187	(\$4,000-\$6,000)		
24	24	(Under \$4,000)		
1,015	1,016			
(1,015)	(1,016)			
		Salaries.....(1)	7,681,000	7,171,000
		Overtime.....(1)	1,000	2,000
		Travelling and Removal Expenses.....(2)	637,000	700,000
		Postage.....(2)	20,000	19,000
		Freight and Express.....(2)	2,000	8,000
		Telephones and Telegrams.....(2)	39,000	12,000
		Departmental Publications.....(3)	12,000	11,000
		Professional and Special Services.....(4)	90,000	100,000
		Rental of Buildings.....(5)	4,000	
		Rental of Equipment.....(5)	52,000	41,000
		Repairs of Equipment.....(6)	5,000	
		Office Stationery and Supplies.....(7)	60,000	55,000
		Acquisition of Equipment.....(9)	30,000	30,000
		Sundries.....(12)	3,000	2,000
			8,636,000	8,151,000
		Expenditure		
		1965-66.....\$ 6,200,000		
		1966-67.....6,826,000		
		1967-68 (estimated).....7,771,000		
		<b>Total, Vote 1.....</b>	<b>61,429,000</b>	<b>59,720,000</b>
		Expenditure		
		1965-66.....\$ 47,690,000		
		1966-67.....53,800,000		
		1967-68 (estimated).....58,220,000		
		<b>B—TAXATION</b>		
		<b>Vote 5—General Administration and District Offices</b>		
		<b>including recoverable expenditures on behalf</b>		
		<b>of the Canada Pension Plan</b>		
		<b>GENERAL ADMINISTRATION</b>		
		Salaried Positions:		
		Executive, Scientific and Professional:		
1	1	Deputy Minister, Taxation (\$26,500)		
2	1	Senior Officer 3 (\$20,500-\$25,750)		
2	2	Senior Officer 2 (\$18,500-\$23,500)		
1	4	Senior Officer 1 (\$16,500-\$21,250)		
2		Director 7, Taxation (\$21,840-\$22,880)		

Positions (man-years)		Details of Services	Amount	
1968-69	1967-68		1968-69	1967-68
			\$	\$
		B—TAXATION (Continued)		
		Vote 5 (Continued)		
		GENERAL ADMINISTRATION (Continued)		
		Salaried Positions: (Continued)		
		Executive, Scientific and Professional: (Continued)		
24	10	(\$18,000—\$21,000)		
23	3	(\$16,000—\$18,000)		
36	54	(\$14,000—\$16,000)		
49	57	(\$12,000—\$14,000)		
29	25	(\$10,000—\$12,000)		
	10	(\$8,000—\$10,000)		
	2	(\$6,000—\$8,000)		
		Administrative and Foreign Service:		
3		(\$18,000—\$21,000)		
6	4	(\$16,000—\$18,000)		
25	12	(\$14,000—\$16,000)		
48	18	(\$12,000—\$14,000)		
66	81	(\$10,000—\$12,000)		
189	144	(\$8,000—\$10,000)		
10	19	(\$6,000—\$8,000)		
		Technical, Operational and Service:		
2	1	(\$6,000—\$8,000)		
11	8	(\$4,000—\$6,000)		
3	12	(Under \$4,000)		
		Administrative Support:		
3		(\$8,000—\$10,000)		
16	10	(\$6,000—\$8,000)		
191	179	(\$4,000—\$6,000)		
84	94	(Under \$4,000)		
826	751			
(826)	(751)	Continuing Establishment.....	6,287,000	5,171,800
(24)	(24)	Casuals and Others.....	90,000	85,000
(850)	(775)			
		Salaries and Wages..... (1)	6,377,000	5,256,800
		Travelling Expenses..... (2)	488,000	410,000
		Postage..... (2)	18,000	14,000
		Freight, Express and Cartage..... (2)	6,500	5,000
		Telephones and Telegrams..... (2)	90,000	70,000
		Informational Services..... (3)	665,000	700,000
		Law Costs..... (4)	190,000	125,000
		Training and Educational Services..... (4)	6,500	2,900
		Other Professional and Special Services..... (4)	170,000	135,900
		Rental of Computer Facilities, Office Machines and Equipment..... (5)	19,000	16,500
		Repairs of Equipment..... (6)	10,200	2,000
		Materials and Supplies..... (7)	230,000	115,000
		Acquisition of Equipment and Furnishings..... (9)	35,000	9,000
		Expenditures chargeable to the Canada Pension Plan Account for services normally rendered by other Departments free of charge..... (12)	25,000	400,000
		Sundries..... (12)	5,000	2,500
			8,315,200	7,264,600
		Less: Amount recoverable from the Canada Pension Plan Account..... (13)	910,600	938,000
			7,404,600	6,326,600
		Expenditure		
		1965-66..... \$ 5,307,269		
		1966-67..... 5,656,452		
		1967-68 (estimated)..... 6,301,058		

Positions (man-years)		Details of Services	Amount	
1968-69	1967-68		1968-69	1967-68
			\$	\$
		B—TAXATION (Continued)		
		Vote 5 (Continued)		
		DISTRICT OFFICES		
		Salaried Positions:		
		Executive, Scientific and Professional:		
		Director 7, Taxation (\$21,840-\$22,880)		
2	2	(\$18,000-\$21,000)		
15	11	(\$16,000-\$18,000)		
11	4	(\$14,000-\$16,000)		
83	86	(\$12,000-\$14,000)		
342	296	(\$10,000-\$12,000)		
436	448	(\$8,000-\$10,000)		
319	426	(\$6,000-\$8,000)		
6	6	Administrative and Foreign Service:		
		(\$16,000-\$18,000)		
1	1	(\$14,000-\$16,000)		
8	6	(\$12,000-\$14,000)		
44	37	(\$10,000-\$12,000)		
113	105	(\$8,000-\$10,000)		
1,519	1,397	(\$6,000-\$8,000)		
977	1,047	Technical, Operational and Service:		
		(\$4,000-\$6,000)		
20	6	(Under \$4,000)		
3	18	Administrative Support:		
		(\$8,000-\$10,000)		
2	5	(\$6,000-\$8,000)		
106	94	(\$4,000-\$6,000)		
2,351	2,289	(Under \$4,000)		
1,178	1,252	(Seasonal)		
	44			
7,536	7,580	Continuing Establishment.....	46,210,000	42,834,600
(7,536)	(7,551)	Casuals and Others.....	5,168,000	5,150,000
(1,633)	(1,493)			
(9,169)	(9,044)	Salaries and Wages.....(1)	51,378,000	47,984,600
		Allowances.....(1)	9,400	8,700
		Travelling Expenses.....(2)	2,004,000	1,800,000
		Postage.....(2)	1,200,000	1,032,000
		Freight, Express and Cartage.....(2)	177,000	160,000
		Telephones and Telegrams.....(2)	575,000	335,000
		Informational Services.....(3)	8,000	7,000
		Publication of Departmental Reports.....(3)	217,000	208,000
		Law Costs.....(4)	310,000	285,000
		Registry Searches.....(4)	10,000	9,000
		Training and Educational Services.....(4)	37,500	23,000
		Other Professional and Special Services.....(4)	325,000	265,000
		Rental of Computer Facilities, Office Machines and Equipment.....(5)	1,582,000	1,149,500
		Repairs of Equipment and Furnishings.....(6)	122,000	45,000
		Municipal or Public Utility Services.....(7)	11,000	12,000
		Materials and Supplies.....(7)	3,174,500	2,633,500
		Acquisition of Equipment and Furnishings.....(9)	298,000	160,000
		Expenditures chargeable to the Canada Pension Plan Account for services normally rendered by other Departments free of charge.....(12)	788,000	
		Sundries.....(12)	4,000	3,000
			62,230,400	56,120,300
		Less: Amount recoverable from the Canada Pension Plan Account (\$6,894,400) and a portion of amount recoverable for computer service (\$15,000).....(13)	6,909,400	4,613,000
			55,321,000	51,507,300



Positions (man-years)		Details of Services	Amount	
1968-69	1967-68		1968-69	1967-68
			\$	\$
		B—TAXATION (Continued)		
		Vote 5 (Continued)		
		DISTRICT OFFICES (Continued)		
		Expenditure		
		1965-66.....	\$ 41,688,355	
		1966-67.....	46,112,658	
		1967-68 (estimated).....	51,532,738	
		<b>Total, Vote 5.....</b>	<b>62,725,600</b>	<b>57,833,900</b>
		Expenditure		
		1965-66.....	\$ 46,995,624	
		1966-67.....	51,769,110	
		1967-68 (estimated).....	57,833,796	

## Appendix L

Positions (man-years)		Details of Services	Amount	
1968-69	1967-68		1968-69	1967-68
			\$	\$
		<b>C—TAX APPEAL BOARD</b>		
		<b>Statutory—Salaries of Members of the Board— (Chap. 148, R.S. as Amended)</b>		
1	1	Chairman (\$25,250)		
1	1	Assistant Chairman (\$22,000)		
4	4	Member (\$20,750)		
6	6			
(6)	(6)	Salaries.....(1)	130,250	113,000
		<b>Vote 10—Administration Expenses</b>		
		Salaried Positions:		
		Executive, Scientific and Professional:		
1	1	(\$12,000-\$14,000)		
2	2	(\$8,000-\$10,000)		
		Administrative Support:		
7	7	(\$6,000-\$8,000)		
7	5	(\$4,000-\$6,000)		
1	1	(Under \$4,000)		
18	16			
(18)	(16)	Salaries.....(1)	109,000	101,400
		Travelling Expenses.....(2)	30,000	27,000
		Postage, Freight, Express and Cartage.....(2)	2,000	1,500
		Telephones and Telegrams.....(2)	2,500	2,000
		Court Reporters' Fees.....(4)	46,000	46,000
		Rentals.....(5)	300	300
		Purchased Repair and Upkeep.....(6)	1,000	500
		Materials and Supplies.....(7)	15,000	9,700
		Acquisition of Equipment and Furnishings.....(9)	5,000	4,500
		Sundries.....(12)	500	500
			211,300	193,400
		Expenditure		
		1965-66.....\$ 165,000		
		1966-67.....160,894		
		1967-68 (estimated).....191,000		

## Appendix M

No. of Vote	Service	1968-69	1967-68	Change	
				Increase	Decrease
		\$	\$	\$	\$
	<b>B—TRADE AND COMMERCE</b>				
(S)	Minister of Trade and Commerce—Salary and Motor Car Allowance (Details, page 240)....	17,000	17,000		
	<b>GENERAL ADMINISTRATION</b>				
20	Departmental Administration (Details, page 240).....	2,146,271	1,833,100	313,171	
25	Trade Development including fees for membership in the International Organizations listed in the details of the Estimates (Details, page 241).....	19,889,800	17,428,500	2,461,300	
(S)	Pensions to former locally-engaged employees of offices abroad (Details, page 248).....	1,100	1,700	.....	600
30	Canadian Government Travel Bureau—To assist in promoting the Tourist Business in Canada including a grant of \$60,000 to the Canadian Tourist Association (Details, page 248).....	10,274,900	9,991,000	283,900	
		32,312,071	29,254,300	3,057,771	
	<b>WORLD EXHIBITIONS</b>				
35	Canadian Government Participation in World Exhibitions (Details, page 249).....	2,394,000	6,750,800	.....	4,356,800
	<b>SPECIAL</b>				
(S)	Payment of carrying costs of temporary wheat reserves and payments in connection with the Prairie Grain Advance Payments Act (Details, page 249).....	49,878,500	33,940,000	15,938,500	
—	Appropriation not required for 1968-69 (Details, page 250).....	.....	1,441,243	.....	1,441,243
		49,878,500	35,381,243	14,497,257	
	<b>SUMMARY</b>				
	To be voted.....	34,704,971	37,444,643	.....	2,739,672
	Authorized by Statute.....	49,896,600	33,958,700	15,937,900	
		84,601,571	71,403,343	13,198,228	



Positions (man-years)		Details of Services	Amount	
1968-69	1967-68		1968-69	1967-68
			\$	\$
		<b>B—TRADE AND COMMERCE (Continued)</b>		
		<b>GENERAL ADMINISTRATION (Continued)</b>		
		<b>Vote 20 (Continued)</b>		
		Freight, Express and Cartage.....(2)	4,100	3,100
		Postage.....(2)	34,000	28,000
		Telephones and Telegrams.....(2)	53,700	38,500
		Publication of Departmental Reports.....(3)	13,200	6,000
		Advertising.....(3)	10,100	1,000
		Professional and Special Services.....(4)	43,200	59,200
		Office Stationery, Supplies and Materials.....(7)	109,700	61,000
		"Canadian Trade Index".....(7)	20,000	20,000
		Trade Promotion at Home and Abroad.....(12)	63,500	93,500
		Sundries.....(12)	300	100
			<b>2,146,271</b>	<b>1,833,100</b>
		<b>Expenditure</b>		
		1965-66.....\$ 1,259,070		
		1966-67.....1,677,022		
		1967-68 (estimated).....1,833,100		
		<b>Vote 25—Trade Development including fees for membership in the International Organizations listed in the Details of the Estimates</b>		
		<b>TRADE POLICY</b>		
		<b>Salaried Positions:</b>		
		Executive, Scientific and Professional:		
2	2	Senior Officer 2 (\$18,500-\$23,500)		
5	5	Senior Officer 1 (\$16,500-\$21,250)		
1	1	(\$10,000-\$12,000)		
		Administrative and Foreign Service:		
12	12	(\$18,000-\$21,000)		
9	9	(\$14,000-\$16,000)		
11	11	(\$12,000-\$14,000)		
12	12	(\$10,000-\$12,000)		
5	5	(\$8,000-\$10,000)		
		Technical, Operational and Service:		
4	4	(\$8,000-\$10,000)		
		Administrative Support:		
2	2	(\$6,000-\$8,000)		
28	28	(\$4,000-\$6,000)		
		Local Assistance Abroad:		
1	1	(Full Time)		
92	92			
(92)	(92)			
		Salaries.....(1)	847,800	863,900
		Allowances.....(1)	31,300	34,300
		Travelling and Removal Expenses.....(2)	95,200	50,000
		Telephones and Telegrams.....(2)	21,300	16,000
		Publication of Reports.....(3)	5,000	3,300
		Professional and Special Services.....(4)	1,300	
		Office Stationery, Supplies and Equipment.....(7)	14,900	21,700
		International Customs Tariffs Bureau Fee.....(10)	13,000	13,000
		Sundries.....(12)	200	300
			<b>1,030,000</b>	<b>1,002,500</b>
		<b>Expenditure</b>		
		1965-66.....\$ 569,296		
		1966-67.....789,997		
		1967-68 (estimated).....1,002,500		

Positions (man-years)		Details of Services	Amount	
1968-69	1967-68		1968-69	1967-68
			\$	\$
		B—TRADE AND COMMERCE (Continued)		
		GENERAL ADMINISTRATION (Continued)		
		Vote 25 (Continued)		
		ECONOMIC RESEARCH AND REPORTING		
		Salaried Positions:		
		Executive, Scientific and Professional:		
		Senior Officer 2 (\$18,500-\$23,500)		
1	1			
3	3	(\$18,000-\$21,000)		
2	1	(\$16,000-\$18,000)		
10	8	(\$14,000-\$16,000)		
5	4	(\$12,000-\$14,000)		
5	5	(\$10,000-\$12,000)		
2	2	(\$8,000-\$10,000)		
		Technical, Operational and Service:		
1	1	(\$8,000-\$10,000)		
7	5	(\$6,000-\$8,000)		
1	1	(\$4,000-\$6,000)		
		Administrative Support:		
11	11	(\$4,000-\$6,000)		
48	42			
(48)	(42)			
		Salaries.....(1)	425,900	379,500
		Travelling and Removal Expenses.....(2)	9,300	10,000
		Telephones and Telegrams.....(2)	6,000	5,000
		Publication of Reports.....(3)	5,000	3,000
		Professional and Special Services.....(4)	12,000	1,500
		Office Stationery and Supplies.....(7)	9,000	7,100
		Acquisition of Equipment.....(9)	5,500	
			472,700	406,100
		Expenditure		
		1965-66.....\$ 322,198		
		1966-67.....351,061		
		1967-68 (estimated).....406,100		
		INDUSTRY LIAISON		
		Salaried Positions:		
		Executive, Scientific and Professional:		
		Senior Officer 1 (\$16,500-\$21,250)		
3	3			
		Administrative and Foreign Service:		
13	13	(\$18,000-\$21,000)		
34	31	(\$14,000-\$16,000)		
68	64	(\$12,000-\$14,000)		
37	37	(\$10,000-\$12,000)		
2	2	(\$8,000-\$10,000)		
		Technical, Operational and Service:		
1	1	(\$8,000-\$10,000)		
		Administrative Support:		
42	42	(\$4,000-\$6,000)		
12	12	(Under \$4,000)		
26		Less: positions to be deleted during 1968-69 as a result of reorganization		
186	205			
(186)	(205)			
		Salaries.....(1)	1,765,600	1,493,500
		Travelling and Removal Expenses.....(2)	257,500	207,200
		Freight and Cartage.....(2)	4,700	5,200
		Telephones and Telegrams.....(2)	42,300	35,300
		Publication of Reports.....(3)	10,000	9,600
		Professional and Special Services.....(4)	1,000	
		Office Stationery and Supplies.....(7)	30,600	30,200

Positions (man-years)		Details of Services	Amount	
1968-69	1967-68		1968-69	1967-68
			\$	\$
		B—TRADE AND COMMERCE (Continued)		
		GENERAL ADMINISTRATION (Continued)		
		Vote 25 (Continued)		
		INDUSTRY LIAISON (Continued)		
		Acquisition of Equipment.....(9)	4,500	
		International Wheat Council Fee.....(10)	29,700	29,700
		International Sugar Agreement Fee.....(10)	12,400	12,400
		International Coffee Organization Fee.....(10)	17,500	17,000
		International Cocoa Conference Fee.....(10)	6,000	6,000
		International Cotton Advisory Committee Fee.....(10)	4,500	4,000
		International Tin Council Fee.....(10)	5,500	5,200
		International Rubber Study Group Fee.....(10)	2,300	2,300
		International Lead and Zinc Study Group Fee.....(10)	4,000	4,600
		Sundries.....(12)	600	600
			2,198,700	1,862,800
		Expenditure		
		1965-66.....\$ 1,004,639		
		1966-67.....1,494,155		
		1967-68 (estimated).....1,862,800		
		INTERNATIONAL DEFENCE PROGRAMS		
		Salaried Positions:		
		Executive, Scientific and Professional:		
1		Senior Officer 2 (\$18,500-\$23,500)		
2		Senior Officer 1 (\$16,500-\$21,250)		
		Administrative and Foreign Service:		
1		(\$18,000-\$21,000)		
11		(\$16,000-\$18,000)		
15		(\$14,000-\$16,000)		
10		(\$12,000-\$14,000)		
6		(\$10,000-\$12,000)		
4		(\$8,000-\$10,000)		
3		(\$6,000-\$8,000)		
		Administrative Support:		
25		(\$4,000-\$6,000)		
12		(Under \$4,000)		
		Local Assistance Abroad:		
11		(Full Time)		
101		Salaries.....(1)	921,200	
(101)		Overtime.....(1)	5,200	
		Living Allowances.....(1)	221,600	
		Travelling and Removal Expenses.....(2)	149,300	
		Telephones and Telegrams.....(2)	30,300	
		Freight, Express and Cartage.....(2)	200	
		Postage.....(2)	1,000	
		Publication of Reports.....(3)	31,000	
		Exhibits, Advertising and Displays.....(3)	1,000	
		Professional and Special Services.....(4)	85,900	
		Repairs and Upkeep of Equipment.....(6)	600	
		Office Stationery, Supplies and Equipment.....(7)	10,400	
		Acquisition of Equipment.....(9)	2,400	
		Sundries.....(12)	12,500	
			1,472,600	



Positions (man-years)		Details of Services	Amount	
1968-69	1967-68		1968-69	1967-68
			\$	\$
		B—TRADE AND COMMERCE (Continued)		
		GENERAL ADMINISTRATION (Continued)		
		Vote 25 (Continued)		
		PROMOTIONAL SUPPORT SERVICES		
		Salaried Positions:		
		Executive, Scientific and Professional:		
1	1	Senior Officer 1 (\$16,500-\$21,250)		
1	1	(\$12,000-\$14,000)		
2	2	(\$10,000-\$12,000)		
		Administrative and Foreign Service:		
2	2	(\$18,000-\$21,000)		
11	1	(\$16,000-\$18,000)		
6	16	(\$14,000-\$16,000)		
13	12	(\$12,000-\$14,000)		
29	28	(\$10,000-\$12,000)		
21	21	(\$8,000-\$10,000)		
2	2	(\$6,000-\$8,000)		
		Technical, Operational and Service:		
1	1	(\$10,000-\$12,000)		
7	7	(\$8,000-\$10,000)		
6	6	(\$6,000-\$8,000)		
1	1	(\$4,000-\$6,000)		
		Administrative Support:		
4	4	(\$6,000-\$8,000)		
66	65	(\$4,000-\$6,000)		
9	9	(Under \$4,000)		
12		Less: positions to be deleted, during 1968-69 as a result of reorganization		
170	179			
(170)	(179)	Continuing Establishment.....	1,324,900	1,233,400
(8)	(9)	Casuals and Others.....	24,000	27,000
(178)	(188)			
		Salaries and Wages.....(1)	1,348,900	1,260,400
		Travelling and Removal Expenses.....(2)	112,800	122,500
		Freight and Express.....(2)	41,600	40,700
		Postage.....(2)	17,400	14,900
		Telephones and Telegrams.....(2)	58,300	44,400
		Trade Promotion at Home and Abroad.....(2)	503,400	597,400
		"Foreign Trade".....(3)	89,100	83,800
		Other Publications.....(3)	532,500	554,800
		Advertising and Publicity.....(3)	534,200	510,500
		Professional and Special Services.....(4)	58,500	23,800
		Office Stationery and Supplies.....(7)	65,600	55,400
		Materials and Supplies.....(7)	4,200	14,400
		Acquisition of Equipment.....(9)	8,500	
		Sundries.....(12)	1,800	2,000
			3,376,800	3,325,000
		Expenditure		
		1965-66.....\$ 1,905,296		
		1966-67.....2,542,157		
		1967-68 (estimated).....3,325,000		

Positions (man-years)		Details of Services	Amount	
1968-69	1967-68		1968-69	1967-68
			\$	\$
		B—TRADE AND COMMERCE (Continued)		
		GENERAL ADMINISTRATION (Continued)		
		Vote 25 (Continued)		
		TRADE COMMISSIONER SERVICE— ADMINISTRATION AND OPERATION		
		Salaried Positions:		
		Executive, Scientific and Professional:		
1	3	Foreign Service Officer 9, Trade and Commerce (\$22,880)		
10	8	Foreign Service Officer 8, Trade and Commerce (\$21,580)		
28	20	(\$18,000-\$21,000)		
		Administrative and Foreign Service:		
50	50	(\$16,000-\$18,000)		
31	20	(\$14,000-\$16,000)		
28	20	(\$12,000-\$14,000)		
80	45	(\$10,000-\$12,000)		
33	50	(\$8,000-\$10,000)		
1	35	(\$6,000-\$8,000)		
		Technical, Operational and Service:		
1		(\$8,000-\$10,000)		
	1	(\$6,000-\$8,000)		
	2	(\$4,000-\$6,000)		
		Administrative Support:		
12	1	(\$6,000-\$8,000)		
73	79	(\$4,000-\$6,000)		
2	4	(Under \$4,000)		
514	500	Local Assistance Abroad: (Full Time)		
864	838			
(864)	(838)			
		Salaries.....(1)	5,848,600	5,562,100
		Allowances.....(1)	2,423,000	2,310,000
		Special Benefits for Personal Services.....(1)	100,300	80,000
		Removal and Home Leave Expenses.....(2)	574,400	530,000
		Other Travelling Expenses.....(2)	423,800	564,000
		Freight, Express and Cartage.....(2)	108,300	80,000
		Postage.....(2)	98,700	95,000
		Telephones and Telegrams.....(2)	198,400	180,000
		Professional and Special Services.....(4)	91,100	80,000
		Rental of Offices Abroad.....(5)	636,600	580,000
		Repairs and Upkeep of Offices and Residences Abroad.....(6)	168,100	115,000
		Repairs and Upkeep of Equipment.....(6)	32,100	25,000
		Municipal or Public Utility Services.....(7)	56,600	53,000
		Office Stationery and Supplies.....(7)	268,400	280,000
		Materials and Supplies.....(7)	21,100	15,000
		Compensation for Loss or Damage to Personal Effects.....(12)	4,000	4,000
		Sundries.....(12)	29,500	26,000
			11,083,000	10,579,100

Positions (man-years)		Details of Services	Amount	
1968-69	1967-68		1968-69	1967-68
			\$	\$
		B—TRADE AND COMMERCE (Continued)		
		GENERAL ADMINISTRATION (Continued)		
		Vote 25 (Continued)		
		TRADE COMMISSIONER SERVICE—ADMINISTRATION AND OPERATION (Continued)		
		(Further Details)		
105	92	Head Office.....	932,200	1,655,900
		Posts Abroad:		
5	5	Accra.....	94,300	73,100
11	10	Athens.....	141,400	99,635
9	9	Beirut.....	146,400	108,055
1	1	Belfast.....	9,000	12,400
4	4	Belgrade.....	39,300	2,100
9	9	Berne.....	113,800	98,705
8	8	Bogota.....	81,700	84,475
15	14	Bonn.....	203,200	160,235
13	12	Boston.....	208,500	199,950
18	14	Brussels.....	227,800	134,810
12	12	Buenos Aires.....	116,100	88,375
5	6	Cairo.....	47,000	49,375
4	4	Canberra.....	65,600	72,960
10	10	Cape Town.....	93,900	70,590
11	10	Caracas.....	178,400	131,985
19	19	Chicago.....	324,900	283,305
12	11	Cleveland.....	181,200	146,520
4	4	Colombo.....	35,000	31,675
8	7	Copenhagen.....	107,000	77,545
8	10	Dallas.....	155,000	135,300
17	16	Detroit.....	266,500	239,305
6	6	Dublin.....	64,400	41,230
14	12	Dusseldorf.....	167,000	136,390
5	5	Glasgow.....	74,600	76,535
12	11	Guatemala.....	159,800	133,565
13	11	Hamburg.....	187,800	111,000
2	1	Havana.....	53,400	8,400
20	20	Hong Kong.....	231,100	198,255
11	9	Islamabad.....	122,000	76,010
12	11	Johannesburg.....	135,900	78,570
	9	Karachi.....		89,095
12	11	Kingston.....	127,200	87,190
7	7	Kuala Lumpur.....	80,500	60,305
6	6	Lagos.....	115,400	95,650
9	8	Lima.....	127,200	86,565
7	7	Lisbon.....	70,200	78,390
7	7	Liverpool.....	71,600	73,460
45	43	London.....	442,900	450,900
10	10	Los Angeles.....	181,900	130,495
10	9	Madrid.....	105,000	89,125
14	12	Manila.....	159,400	88,300
12	12	Melbourne.....	129,000	114,840
12	12	Mexico.....	153,300	128,230
14	13	Milan.....	213,600	148,030
6	5	Montevideo.....	53,700	46,885
8	8	Moscow.....	132,900	96,240
9	10	Nairobi.....	91,900	77,500
14	13	New Delhi.....	115,500	106,170
7	8	New Orleans.....	107,600	109,735
24	17	New York.....	406,600	271,750
7	7	Oslo.....	89,600	77,670
25	23	Paris.....	333,100	266,765
11	9	Philadelphia.....	180,700	126,565
14	12	Port of Spain.....	152,500	90,250
8	9	Rio de Janeiro.....	127,800	94,425
14	12	Rome.....	234,600	125,175



Positions (man-years)		Details of Services	Amount	
1963-69	1967-68		1963-69	1967-68
			\$	\$
		B—TRADE AND COMMERCE (Continued)		
		GENERAL ADMINISTRATION (Continued)		
		Vote 25 (Continued)		
		TRADE COMMISSIONER SERVICE—ADMINISTRATION AND OPERATION (Continued)		
		(Further Details) (Continued)		
		Posts abroad: (Continued)		
8	9	Santiago.....	124,200	80,040
6	7	Santo Domingo.....	81,300	59,025
12	11	Sao Paulo.....	123,600	88,100
8	9	San Francisco.....	186,500	120,100
2	2	Seattle.....	16,900	12,800
12	11	Singapore.....	136,900	120,290
9	8	Stockholm.....	131,300	86,705
16	15	Sydney.....	179,900	131,970
10	9	The Hague.....	140,800	96,095
7	6	Tehran.....	74,400	60,900
8	8	Tel Aviv.....	93,300	70,550
16	16	Tokyo.....	258,300	188,685
13	12	Vienna.....	194,200	139,660
15	14	Washington.....	256,400	236,850
7	6	Wellington.....	84,700	79,790
	23	Unallocated and Miscellaneous.....	32,400	981,530
864	838		11,083,000	10,579,100
		Expenditure		
		1965-66..... \$ 7,424,208		
		1966-67..... 8,841,969		
		1967-68 (estimated)..... 10,579,100		
		CONSTRUCTION OR ACQUISITION OF BUILDINGS, LAND, EQUIPMENT AND FURNISHINGS		
		Construction or Acquisition of Land, Buildings and Works..... (8)	30,000	100,000
		Construction or Acquisition of Machinery, Equip- ment and Furnishings..... (9)	226,000	153,000
			256,000	253,000
		Expenditure		
		1965-66..... \$ 377,529		
		1966-67..... 198,200		
		1967-68 (estimated)..... 253,000		
		Total, Vote 25.....	19,889,800	17,428,500
		Expenditure		
		1965-66..... \$ 14,433,416		
		1966-67..... 18,475,766		
		1967-68 (estimated)..... 22,586,500		

Positions (man-years)		Details of Services	Amount	
1968-69	1967-68		1968-69	1967-68
			\$	\$
		<b>B—TRADE AND COMMERCE (Continued)</b>		
		<b>GENERAL ADMINISTRATION (Continued)</b>		
		<b>Statutory—Pensions to former locally engaged employees of offices abroad</b>		
		Claire Roquier, France (Vote 412, Appropriation Act, No. 5, 1958).....	300	300
		Thomas Davis, West Indies (Jamaican £ 258) (Vote 413, Appropriation Act, No. 5, 1958).....	800	800
		Ryuji Yoshimura, Japan (Vote 391, Appropriation Act, No. 5, 1959).....		600
			<b>1,100</b>	<b>1,700</b>
		<b>Expenditure</b>		
		1965-66..... \$ 1,783		
		1966-67..... 1,279		
		1967-68 (estimated)..... 1,100		
		<b>Vote 30—Canadian Government Travel Bureau—To assist in Promoting the Tourist Business in Canada including a grant of \$60,000 to the Canadian Tourist Association</b>		
		<b>Salaried Positions:</b>		
1	1	Executive, Scientific and Professional:		
		Senior Officer 1 (\$16,500-\$21,250)		
2	2	Administrative and Foreign Service:		
4	8	(\$16,000-\$18,000)		
7	8	(\$14,000-\$16,000)		
7	6	(\$12,000-\$14,000)		
39	60	(\$10,000-\$12,000)		
25		(\$8,000-\$10,000)		
		(\$6,000-\$8,000)		
	1	Technical, Operational and Service:		
17	3	(\$8,000-\$10,000)		
67	8	(\$6,000-\$8,000)		
15	7	(\$4,000-\$6,000)		
		(Under \$4,000)		
	2	Administrative Support:		
13	42	(\$8,000-\$10,000)		
34	91	(\$6,000-\$8,000)		
29	11	(\$4,000-\$6,000)		
		(Under \$4,000)		
32	32	Local Assistance Abroad:		
		(Full Time)		
292	282	Continuing Establishment.....	1,592,000	1,588,000
(292)	(282)	Casuals and Others.....	200,000	175,000
(74)	(74)			
(366)	(356)	Salaries and Wages.....(1)	1,792,000	1,763,000
		Living and Rental Allowances.....(1)	520,000	415,000
		Membership Fees.....(1)	8,000	6,000
		Travelling and Removal Expenses.....(2)	325,800	195,000
		Freight, Express and Cartage.....(2)	182,000	135,000
		Postage.....(2)	185,000	130,000
		Telephones and Telegrams.....(2)	47,000	37,000
		Publication of Departmental Reports and Other Material.....(3)	1,490,000	1,624,000
		Exhibits, Advertising, Broadcasting and Displays....(3)	626,000	589,000

Positions (man-years)		Details of Services	Amount	
1968-69	1967-68		1968-69	1967-68
			\$	\$
		<b>B—TRADE AND COMMERCE (Continued)</b>		
		<b>GENERAL ADMINISTRATION (Continued)</b>		
		<b>Vote 30 (Continued)</b>		
		Advertising in Foreign Newspapers, Magazines and Other Media.....(3)	3,226,100	3,099,000
		Federal-Provincial Inter-Provincial Advertising Program.....(3)	260,000	250,000
		Special Centennial Advertising Program.....(3)		400,000
		Professional and Special Services.....(4)	523,000	416,000
		Rental of Offices Abroad.....(5)	300,000	275,000
		Rental of Computers.....(5)	170,000	132,000
		Repairs and Upkeep of Buildings.....(6)	150,000	130,000
		Municipal or Public Utility Services.....(7)	27,000	25,000
		Office Stationery, Materials and Supplies.....(7)	258,000	240,000
		Acquisition of Furnishings and Equipment.....(9)	70,000	55,000
		Grant to Canadian Tourist Association.....(10)	60,000	55,000
		Sundries.....(12)	55,000	20,000
			<b>10,274,900</b>	<b>9,991,000</b>
		Expenditure		
		1965-66.....\$ 6,332,549		
		1966-67.....10,004,355		
		1967-68 (estimated).....9,991,000		
		<b>WORLD EXHIBITIONS</b>		
		<b>Vote 35—Canadian Government Participation in World Exhibitions</b>		
(22)	(147)	Salaries.....(1)	463,000	929,700
		Travelling and Removal Expenses.....(2)	50,000	59,900
		Professional and Special Services.....(4)	161,000	4,908,100
		Materials and Supplies.....(7)	420,000	212,000
		Construction or Acquisition of Buildings.....(8)	1,300,000	558,900
		Sundries.....(12)		82,200
			<b>2,394,000</b>	<b>6,750,800</b>
		Expenditure		
		1965-66.....\$ 4,556,113		
		1966-67.....8,411,461		
		1967-68 (estimated).....6,750,800		
		<b>SPECIAL</b>		
		<b>Statutory—Payment of carrying costs of temporary wheat reserves and payments in connection with the Prairie Grain Advance Payments Act</b>		
		<b>PAYMENT OF CARRYING COSTS OF TEMPORARY WHEAT RESERVES (CHAP. 2, STATUTES OF 1956).....(10)</b>	<b>49,080,500</b>	<b>33,300,000</b>
		Expenditure		
		1965-66.....\$ 36,806,707		
		1966-67.....29,838,316		
		1967-68 (estimated).....31,419,505		



Positions (man-years)		Details of Services	Amount	
1968-69	1967-68		1968-69	1967-68
			\$	\$
		B—TRADE AND COMMERCE (Continued)		
		SPECIAL (Continued)		
		Statutory (Continued)		
		PAYMENT IN CONNECTION WITH THE PRAIRIE GRAIN ADVANCE PAYMENTS ACT (CHAP. 2, STATUTES OF 1957-58 AS AMENDED).....(10)	798,000	640,000
		Expenditure		
		1965-66.....\$ 668,604		
		1966-67.....583,325		
		1967-68 (estimated).....912,158		
		<b>Total, Statutory Item.....</b>	<b>49,578,500</b>	<b>33,940,000</b>
		Expenditure		
		1965-66.....\$ 37,475,311		
		1966-67.....30,421,641		
		1967-68 (estimated).....32,331,663		
		<b>Appropriation not required for 1968-69</b>		
		Grant to the Pacific National Exhibition, Vancou- ver, towards the cost of constructing a trade fair and sports building at Exhibition Park, Van- couver; the Government of Canada's share not to exceed \$2,000,000.....(10)		1,441,243

## APPENDIX N

DEPARTMENT OF INSURANCE  
DÉPARTEMENT DES ASSURANCES

Ottawa 8, Canada

November 13, 1968

Miss D. F. Ballantyne,  
Clerk of the Standing Committee  
in Finance, Trade and Economic Affairs,  
House of Commons,  
Ottawa, Ontario.

Dear Miss Ballantyne,

At a meeting of the Finance Committee in  
connection with the study of this Depart-

ment's estimates for the year 1968-69, the  
question was raised as to why the Employee  
surgical-medical insurance premiums de-  
creased from \$5,100 in 1967-68 to \$2,400 in  
1968-69. These are the figures that were fur-  
nished us by the Department of Finance and  
I understand that the decrease resulted from  
a reduction in the premiums in 1968-69.

Yours very truly,

John P. Taylor  
Chief, Administrative Branch

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HOUSE OF COMMONS

First Session—Twenty-eighth Parliament

1968

DEC 10 1968

STANDING COMMITTEE

ON

FINANCE, TRADE AND ECONOMIC AFFAIRS

Chairman: Mr. GASTON CLERMONT

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 9

THURSDAY, NOVEMBER 14, 1968

*Respecting*

WHITE PAPER ON ANTI-DUMPING

*Including*

Appendix O—Brief of The Canadian Chemical Producers Association  
Appendix P—Brief of the Graphic Arts Industries Association  
Appendix Q—Letter from Canadian Paper Trade Association

WITNESSES:

*From the Canadian Chemical Producers Association:* Messrs. D. D. Stokes, Chairman, Trade and Economic Affairs Committee; D. D. Hart, Canadian Industries Limited; K. B. Mathewson, Shawinigan Chemicals Limited; J. Mitchell, Dupont of Canada Limited. *From the Graphic Arts Industries Association:* Messrs. Gaston Boulanger, Association President; W. W. Buchanan, Consultant; David Maclellan, General Manager; W. E. Curry, of W. J. Gage Ltd. *And also:* C. D. Arthur, International Economic Relations Division, Department of Finance; A. R. Hind, Assistant Deputy Minister; and H. D. MacDermid, Chief, Valuation Section, Department of National Revenue (Customs and Excise).

ROGER DUHAMEL, F.R.S.C.  
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
OTTAWA, 1968

STANDING COMMITTEE ON  
FINANCE, TRADE, AND ECONOMIC AFFAIRS

*Chairman:* Mr. Gaston Clermont

*Vice-Chairman:*

and Messrs.

Blair,  
Burton,  
Comtois,  
Danson,  
Downey,  
Émard,

Flemming,  
Gauthier,  
Givens,  
Gleave,  
Gray,  
Hales,  
Harkness,

Lambert (*Edmonton  
West*),  
Latulippe,  
Noël\*,  
Perrault,  
Roberts,  
Trudel—20.

Dorothy F. Ballantine,  
*Clerk of the Committee.*

\*Replaced Mr. Gillespie on November 13, 1968.

ORDER OF REFERENCE

HOUSE OF COMMONS,  
WEDNESDAY, November 13, 1968.

Ordered,—That the name of Mr. Noël be substituted for that of Mr. Gillespie on the Standing Committee on Finance, Trade and Economic Affairs.

ATTEST:

ALISTAIR FRASER,  
*The Clerk of the House of Commons.*





(Text)

## MINUTES OF PROCEEDINGS

THURSDAY, November 14, 1968.

(11)

The Standing Committee on Finance, Trade and Economic Affairs met at 11.15 a.m. this day.

*Members present:* Messrs. Blair, Burton, Clermont, Comtois, Danson, Emard, Flemming, Gray, Hales, Harkness, Lambert (*Edmonton West*), Noël, Perrault, Roberts, Saltsman, Trudel—(16).

*In attendance: From the Canadian Chemical Producers Association:* Messrs. D. D. Stokes, Chairman, Trade and Economic Affairs Committee; D. D. Hart, Canadian Industries Limited; K. B. Mathewson, Shawinigan Chemicals Ltd.; J. Mitchell, Dupont of Canada Limited.

*Also in attendance:* Messrs. C. D. Arthur, International Economic Relations Division, Department of Finance; A. R. Hind, Assistant Deputy Minister; M. T. Keam, Director, Customs Appraisal Division; H. D. MacDermid, Chief, Valuation Section, Department of National Revenue (Customs and Excise); V. R. St. Louis, Commercial Policy Division, Department of Industry.

The Clerk explained that the Chairman was unavoidably absent and the Vice-Chairman had been temporarily removed from the Committee while absent on government business, and therefore requested nominations for an Acting Chairman to take the Chair for this session.

On motion of Mr. Gray, seconded by Mr. Trudel,  
Resolved,—That Mr. Blair do take the Chair for this morning's sitting.

Mr. Blair, having taken the chair, called the witnesses and introduced Mr. Stokes who, in turn, introduced the other representatives of the Chemical Producers Association. At the request of the Acting Chairman, Mr. Stokes summarized the brief of his Association.

At the request of the Acting Chairman, Mr. Arthur commented on the brief, section by section as it was considered by the Committee. Messrs. Stokes, Hart, Mathewson and Mitchell were questioned and Messrs. Hind and MacDermid also answered questions directed to them by the Committee.

The questioning having been concluded, the Acting Chairman thanked the witnesses, who then retired.

At 1.12 p.m. the Committee adjourned until 3.30 p.m. this afternoon.

## AFTERNOON SITTING

(12)

The Committee resumed at 3.45 p.m., the Chairman, Mr. Clermont, presiding.

*Members present:* Messrs. Blair, Clermont, Danson, Emard, Flemming, Hales, Harkness, Lambert (*Edmonton West*), Noël, Perrault, Trudel—(11).

*In attendance: From the Graphic Arts Industries Association:* Messrs. Gaston Boulanger, Association President; R. P. White, O.B.E., Vice-President for Government Affairs; W. W. Buchanan, Consultant; David Maclellan, General Manager; W. E. Curry, W. J. Gage, Ltd.; *Representing the Canadian Paper Box Manufacturers Association:* J. A. Doucette and George C. Gardiner.

*Also in attendance:* The same government officials as listed for the morning sitting.

The Chairman introduced Mr. Boulanger, who in turn introduced the other witnesses. At the request of the Chairman, Mr. Boulanger summarized the brief of his Association.

At the invitation of the Chairman, Mr. Arthur commented on the brief. Messrs. Buchanan, Maclellan and Curry were questioned. Mr. Hind also answered questions directed to him by the Committee.

During the meeting Mr. Maclellan tabled a copy of a letter addressed to him from the Canadian Paper Trade Association expressing support for the brief submitted by the Graphic Arts Industries Association and it was *agreed* that the letter should be printed as an appendix to this day's Proceedings. (See Appendix Q).

Briefs presented to the Committee this day are also included herewith as Appendices O and P, in accordance with the resolution passed at the meeting of October 24, 1968.

The questioning having been concluded, the Chairman thanked the witnesses who then withdrew.

At 5.55 p.m. the Committee adjourned until Tuesday, November 19, 1968 at 11.00 a.m.

Dorothy F. Ballantine,  
*Clerk of the Committee.*



## EVIDENCE

(Recorded by Electronic Apparatus)

Thursday, November 14, 1968

• 1112

**The Clerk of the Committee:** Gentlemen, you have a quorum, but the Chairman is unavoidably absent and the Vice Chairman has temporarily been removed from the Committee, so I would ask nominations for an Acting Chairman for this session.

**Mr. Gray:** I nominate Gordon Blair as Acting Chairman.

**Mr. Trudel:** I second the motion.

**The Clerk of the Committee:** Is it agreed that Mr. Blair take the Chair for this Committee session?

**Some hon. Members:** Agreed.

**Mr. Gray:** Mr. Acting Chairman, I think the record should note that our permanent Chairman is temporarily absent because he has a doctor's appointment for an eye examination and that our Vice Chairman is off the Committee because he has been asked to be a member of our delegation to the Fourteenth Annual Conference of the North Atlantic Assembly and he will be resuming his duties on his return from the Conference.

**The Acting Chairman (Mr. Blair):** Gentlemen, this morning we are going to hear the presentation of the Canadian Chemical Producers' Association. May I ask first if all members of the Committee have received their brief which was circulated at the beginning of the week?

• 1115

Perhaps it would be advisable for me to make a general comment about the procedure which has prevailed in the Finance Committee in previous sessions and which I think has worked very well. That procedure has been to hear the briefs which are presented and then to ask the officials to comment on the proposals made in the briefs before throwing the meeting open for questions, which can then be directed either to the members of the delegations or the officials. I should say to our

friends from the Chemical Producers' Association that if they wish to have a dialogue with the officials to clarify a point that is quite permissible.

I will introduce to you the Chairman of the Trade and Economic Affairs Committee of the Canadian Chemical Producers' Association, Mr. D. D. Stokes. Mr. Stokes will introduce the other members of his delegation.

**Mr. D. D. Stokes (Chairman, Trade and Economic Affairs Committee, The Canadian Chemical Producers' Association):** Mr. Chairman I would like to introduce my colleagues. Mr. Jack Mitchell on the far right; Mr. Ken Mathewson, and Mr. David Hart, thank you.

[Interpretation]

**Mr. Émard:** Could you please repeat the last two names?

[English]

**The Acting Chairman (Mr. Blair):** Mr. Mitchell, Traffic Manager of Dupont of Canada; Mr. D. S. Hart of Canadian Industries Limited and Mr. K. B. Mathewson of Shawinigan Chemicals. Mr. Mitchell is on my far right, Mr. Mathewson is sitting beside him and Mr. Hart is sitting beside Mr. Stokes.

I should tell our delegation that the procedure of this Committee is better served if they sit down so they are not too far removed from the microphones.

**Mr. Stokes:** Mr. Chairman, the Canadian Chemical Producers' Association welcomes this opportunity to appear before your Committee in support of our brief and to offer our comments and recommendations. It is not our intention to read our brief unless it is your wish that we do so. However, I do have some comments to make and a summary which I would like to read.

The Canadian Chemical Producers' Association represents chemical producers manufacturing 90 per cent of the basic chemicals made in Canada. The members range in size

from small, privately owned companies to some of the larger companies in Canadian industry.

The Canadian chemical industry is one of Canada's key industries with assets of \$2½ billion, an annual gross value of shipments of 2¼ billion and exports of \$400 million. It pays \$475 million in salaries and wages each year to some 74,000 employees.

The chemical industry is basic in the Canadian industrial structure, pervasive in its interindustry relations and characterized by rapid technological change. It is, therefore, potentially a major vehicle for economic growth.

We believe that Canada is more vulnerable to injurious dumping than most other countries. Our government has committed itself on several occasions through speeches made by Cabinet Ministers that dumping duties will be quickly and effectively applied where dumping is causing or threatens to cause injury to Canadian industry. Unless this objective is adequately fulfilled, investment and manufacturing in Canada will be retarded.

• 1120

Our Association brief covers some recommended changes in the sections of the draft legislation listed in numerical order.

In our general comments, we have expressed our concern that the proposed legislation does not provide for assessment of dumping duty to be applied on the first import that causes material injury except in the case of massive dumping.

When our brief was prepared, the draft regulations, relating to clauses 9 and 10 of the proposed bill, were not available for comment. In the short time at our disposal since they have become available, we have concluded in general terms that they appear to be well designed and a definite improvement over present regulations. A great deal of discretion is left to the administration.

The proposed legislation and regulations, well designed though they may be, will prove totally ineffective against injurious dumping unless they are administered effectively and expeditiously.

On that point, Mr. Chairman, there is a statement in our brief that might be misconstrued. This appears on page 4, part b) under the heading of Administration. It is the

second sentence of the first paragraph which reads:

Under our present Canadian anti-dumping law, the administrative authorities have been, in many cases, slow to investigate and equally slow and at times reluctant to declare dumping.

I would like to clarify our intent. We had two major concerns in this area.

The first was the length of time that has been required to determine whether or not dumping has occurred and the margin thereof.

The second concern was that we have gained the impression that the authorities on occasion have been reluctant to pursue a dumping case and that this was the result of pressure to cease and desist either from another department or possibly from a foreign government. Thank you, Mr. Chairman.

**The Acting Chairman (Mr. Blair):** Thank you, Mr. Stokes. Before calling upon Mr. Arthur are there any comments which the other members of your delegation wish to make, or will they simply assist you in dealing with questions?

**Mr. Stokes:** This is right.

**The Acting Chairman (Mr. Blair):** We have with us Mr. Arthur of the Department of Finance, who I think can assist us by making some comments on the detailed proposals made in this brief. I should also mention that the officials of the Department of National Revenue are in the room and are also available to take part in the discussion.

**Mr. C.D. Arthur (International Economic Relations Division, Department of Finance):** Mr. Chairman, I do not wish to make any comment regarding the statement just made by Mr. Stokes, but if it your wish I have one or two comments regarding the various modifications which the Association has suggested. I think the best way to proceed is to deal with them as they appear in the brief.

The first, Mr. Chairman, relates to the suggested amendments to clause 7 of the Bill.

**The Acting Chairman (Mr. Blair):** This is set out on page one of the brief?

• 1125

**Mr. Arthur:** That is right, it is set out on page one. The Chemical Producers are sug-



gesting that decisions by the Governor in Council under this clause to exempt any goods from the application of this Bill should be published in the *Canada Gazette*. Mr. Chairman, under the Regulations Act such determinations by the Governor in Council are required to be published in the *Canada Gazette*, and it is for that reason that the legal draftsmen felt it was not necessary to put such a provision in this particular clause.

**The Acting Chairman (Mr. Blair):** Should we discuss these recommendations section by section or should we permit Mr. Arthur to make his comments on all the proposals before we enter into the discussion?

**Mr. Hales:** Section by section, I think.

[Interpretation]

**Mr. Emard:** I think we should take them one by one. It would be much easier.

[English]

**The Acting Chairman (Mr. Blair):** Is there any comment on clause 7?

**Mr. Hales:** Yes, Mr. Chairman. I take it, from what Mr. Arthur has said, that he is accepting this recommendation. It is already done, so this recommendation is redundant?

**Mr. Gray:** It was well intended but it was covered by another provision of the law.

**Mr. Hales:** All right.

[Interpretation]

**Mr. Émard:** Mr. Chairman, I am not of this opinion. It says here: "It should be mentioned in the *Canada Gazette*." But you know that this legislation is very complicated and I believe that those who are before us today were unaware of the fact that it was to be published in the *Canada Gazette*. And this is a good reason why, in my opinion, it would not be superfluous to mention precisely the request that we have today.

[English]

**Mr. Gray:** Mr. Chairman, I think Mr. Émard's point is well taken and I think one of the things that makes these hearings so useful is that these things can be made known not only to the group appearing before us, but to the general public through the publication of our Proceedings and the coverage by the press.

**Mr. D. S. Hart (Advisor, Exports and Government, Canadian Industries Limited):** Mr. Chairman, may I make an observation on

that point? We were aware that the Governor in Council was required to make public through the *Canada Gazette* any such action, and that notice would be given in that way. Nevertheless we think this is quite a significant matter; we wish to know that this will be done. As mention is made throughout the legislation of other cases where notice will be published, we feel that it is not departing too much from the intent to say that it shall be published in this particular case.

**Mr. Gray:** Mr. Chairman, I presume the reason the draft Bill we are studying today specifically calls for a certain type of notice is that this requirement is not contained in any other existing act.

**Mr. Lambert (Edmonton West):** Mr. Chairman, a requirement for publication can be loosely interpreted. Publication six months hence is still publication. Mr. Émard has a good point but I would go even further and say that the publication shall be made forthwith, which means that it gets into the next *Canada Gazette*. I think the industry would be prejudiced if, for reasons of its own, the decision were withheld from publication for, say, three or four months.

**The Acting Chairman (Mr. Blair):** Might I make a suggestion? We are talking now about a detailed provision of the statute, and I think it would be advisable for us to have our officials review for us the proper governing sections of the Regulations Act and the procedure which is followed in publishing Orders in Council, particularly with the point Mr. Lambert has made as to whether these regulations and Orders in Council are published promptly. My impression is they are, but I could be wrong. Could we pass on to the comments on clause 9(2)(b)?

• 1130

**Mr. Danson:** Excuse me, Mr. Chairman, are we passing this over until we have heard comments from the officials, or did you want to get a consensus of the feeling of the Committee on this matter? It seems like a reasonable request as a matter of clarification.

**Mr. Gray:** Mr. Chairman, actually I think we have a third stage in our proceedings at which time we are going to be in a sense debating the proposals of the government in the Committee and amongst ourselves as members. It may be more expeditious and more orderly if we reserve this type of detailed discussion, which is for the purpose of



formulating our report to House, until we have heard not only these gentlemen but the many others who wish to appear before us. It may be easier to clear up some of these things at that time, unless of course it is possible to do so now.

If we stop and debate in detail each proposal by each witness and we have, I think 17 or more who have offered to come before us, we will find it very difficult to meet our obligations to the house in the time allowed us.

**Mr. Danson:** Yes, I can see the procedure.

**The Acting Chairman (Mr. Blair):** If there are no further comments on clause 7 may I suggest we move on to clause 9(2)(b).

**Mr. Aurihur:** Mr. Chairman, the Chemical Producers' Association have suggested that the intent of this clause requires clarification. This is the clause which reads as follows:

(2) In the application of subsection (1) in the case of any goods,

(b) if there was not a sufficient number of sales of like goods made by the exporter by reason of the fact that the exporter sold goods solely or primarily for export, but there were sales of like goods for home consumption in the country of export by other vendors, there shall be substituted for the exporter the said vendors.

The Association is suggesting first that these sales by other vendors might be relatively low and on the basis of that, as I understand it, they have suggested an amendment to the wording as follows:

If there was not a sufficient number of sales of like goods made by the exporter by reason of the fact that the exporter sold goods solely or primarily for export, but there were sales by other vendors of like goods produced in and for home consumption in the country of export, there shall be substituted for the exporter the said vendors.

Mr. Chairman, my comment is that, as I understand this proposed amendment, the Association is suggesting that only those sales of like goods produced in and for home consumption should be substituted for sales. Throughout the Code and the proposed Bill only sales are considered. The Code does not suggest nor does the proposed legislation, that

the sales be of goods that are produced in and for home consumption. It relates only to sales.

The only provision in the proposed Bill which talks about country of origin is clause 12(1) which deals with direct shipments. I therefore suggest, Mr. Chairman, that this proposed amendment would not be in keeping with our obligations under the Code.

• 1135

In answer to the first part of the suggestion made by the Association that the sales by vendors may be relatively low, I suggest that this subclause refers back to subclause (1) of clause 9 and all of those conditions, (a), (b), (c), and (d), as prevail on goods sold by the exporter would indeed be transported in considering sales by vendors. Therefore the terms and conditions are similar to those that would prevail under subclause (1) of clause 9.

**The Acting Chairman (Mr. Blair):** Thank you, Mr. Arthur. Would it be a good idea to hear the Chemical Producers with reference to this clause before we have questions?

**Mr. Hart:** Mr. Chairman, if I may answer that question, our concern was that it is possible for goods to be imported into a country under a quota at very low prices. Then, the goods having been imported at very low prices to be sold in the country at prices lower than the prices quoted for goods produced in that country. We feel that there may be an opportunity here for the Deputy Minister, in the determination of price, perhaps to pick up a price quoted by sellers of goods that came in under quota at very low prices. This is the reason for our saying that we wish as much as possible to confine it to prices for goods produced in the country of export for consumption in the country of export.

**Mr. Gray:** What if the price of the imported goods is higher?

**Mr. Hart:** That is possible.

**Mr. Danson:** Does this not bring us back to the question of country of origin that we dealt with at a previous meeting? As I understand it in effect the dumping consideration is to be based on the export price from the original country?

**Mr. Stokes:** Those goods you just mentioned, Mr. Danson, would not come into the picture as the sort of first country because those goods are not coming in. It is just the

prices that are involved, and if they are abnormally low prices it is conceivable that somebody with an intent to establish prices in that country could use those prices on goods coming into Canada.

**Mr. Lambert (Edmonton West):** Following further along that same line, I think I raised the point the other day in determining the country of origin in the Common Market where goods like chemicals would move within the Common Market without any internal tariff restriction. My point concerned precisely what has been illustrated here, say chemicals manufactured in Belgium, imported into France under quota at a low price, and then re-exported to Canada. What is the price the Deputy Minister must look at? Is it the domestic price for goods produced in France, or is it the price of the Belgian commodity sold in France? I think that is the problem put forward by the Association in their brief.

What is to be deemed the country of origin? Are these Belgian chemicals or are they French chemicals? I think we were told these would be classified as French chemicals.

**Mr. Arthur:** Mr. Chairman, in answer to Mr. Lambert's question, when he cited this example the other day, the answer was that the normal value would be determined by the price of the sales of chemicals in France. Notwithstanding the fact that the origin may have been Belgium the Code says that it is sales of like products, and it does not refer to the country of origin of the goods. It is open to the Deputy Minister of National Revenue to determine whether or not those sale prices for the sale of chemicals in France, if it were the Belgian chemicals that were being sold, truly reflected a normal value of like goods.

• 1140

[Interpretation]

**Mr. Émard:** Mr. Chairman, I must leave and I wonder if I could ask a couple of questions before I do.

I would like to know if Bill C-102 proposes the liberalization of export and import permits for drugs and pharmaceutical products. Will your industry be affected by these permits? Does this apply also to your industry?

[English]

**Mr. Stokes:** We do not really know.

**The Acting Clairman (Mr. Blair):** Gentlemen we have heard the comments on clause

9(2)(b), are there any other questions or comments on this clause?

**Mr. Danson:** I would just like to ask the gentlemen, in view of the explanation does this still present possible difficulties for your industry?

**Mr. Stokes:** We think so.

**Mr. Danson:** This would depend on the interpretation of the Deputy Minister?

**Mr. Stokes:** Yes.

**Mr. Danson:** Thank you.

**Mr. K. B. Mathewson (Manager, Traffic and Marketing, Shawinigan Chemicals Ltd.):** Mr. Chairman, may I ask Mr. Arthur a question?

**The Chairman:** Yes, Mr. Mathewson.

**Mr. Mathewson:** You say there is no direct reference in the Code to the fact that the domestic price is really referring primarily to the price of domestically-produced goods and yet it seems to me there is by inference. If you will look at page 11 of the White Paper, paragraph 7 where reference is made to a system for the stabilization of the domestic price or of the return to domestic producers, they seem to relate these as being the same thing. I wonder if this is implied, if not stated? Is it normally the case that domestic price is the price of domestic goods?

**Mr. Arthur:** I suggest, Mr. Chairman, that in many instances it would be the sale price of domestically-produced goods. In most instances it would probably be so. However, it is not confined to sales only of domestically-produced goods. I think that is similar to the circumstance under the present Customs Act.

[Interpretation]

**Mr. Trudel:** Mr. Chairman, I would like to ask Mr. Arthur a question.

With regard to these presentations made by the Chemical Producers' Association, there seems to be some difference, some distinction made between imports under quotas and the relative value of these items on the domestic market. I do not see any such distinction in the proposed legislation. Could Mr. Arthur clarify this point raised by the Chemical Producers?

[English]

**Mr. Arthur:** Mr. Chairman, as I understand the import of the question or the



suggestion of the Chemical Producers' Association, if the goods were imported under quota and these were the goods subsequently exported to Canada, that the normal value of these goods in the country of export may not in fact be normal value. In other words the sale price of those goods may in fact not be the normal value.

• 1145

I suggested in my answer that in the consideration of normal value the Deputy Minister would take into account sales by other vendors that met the full conditions of subclause (1) of clause 9. In other words, if there were sales of goods imported under quota it is open to the Deputy Minister of National Revenue to look at other sales by those vendors or at other vendors' sales.

I think the assumption here, Mr. Chairman, and I may be reading something into this suggestion, is that they would be the only sales if they were goods brought into the country of export under quota. I am suggesting that while that situation prevailed it would be open to the Deputy Minister to suggest that normal value be established under some other subsection.

**Mr. Trudel:** The normal value then assessed by the Deputy Minister would take priority regardless of the import under quota?

**Mr. Arthur:** Yes, it is the value established by the Deputy Minister under this act, not necessarily the price under quota.

**Mr. Trudel:** Thank you, Mr. Chairman.

**The Acting Chairman (Mr. Blair):** The effect of your answers, Mr. Arthur, is that you are persuaded that under the present wording of the legislation, if this problem arose, the Deputy Minister of National Revenue would be equipped to meet it?

**Mr. Arthur:** Yes sir.

**Mr. Hales:** Mr. Chairman, it would appear that the Chemical Producers are concerned about the meaning of normal value. Is normal value not set out anywhere in this Bill, so it would take care of the recommendation they are making?

**The Acting Chairman (Mr. Blair):** It is defined in clause 9, Mr. Hales. It is defined more particularly in subclause (1).

**Mr. Hales:** Does this definition not meet with the agreement of the Chemical Producers?

**Mr. Hari:** Mr. Chairman, generally speaking it does. We may have one or two views on particular aspects of this determination of normal value and the times during which such normal value should be determined.

However, the point we were trying to make here is that we would be concerned if prices of goods that are imported under a quota, where such prices are low in a country, were used. We hope that such prices would not be used to determine the normal value in the country from which the goods were exported. We are not concerned in this particular situation with the import into Canada of goods that enter another country under the quota arrangement. We are just concerned with the determination of the normal value in the country of export. We hope that the Deputy Minister would not be influenced unduly by the fact that there was a very low price that was low under a quota system.

**Mr. Arthur:** Mr. Chairman, my only comment is that such sales in the country of export would probably not be looked on by the Deputy Minister of National Revenue as in the ordinary course of trade under competitive conditions. Therefore he would determine normal value by some other means.

**The Acting Chairman (Mr. Blair):** Is the Committee satisfied that we have had a sufficient discussion of the considerations applying to clause 9(2)(b)? If so, could we invite comment on the further proposals? In speaking of the Committee I also ask the delegation from the Chemical Producers' Association if they have any further comments to make on this clause?

**Mr. J. Mitchell (Traffic Manager, Dupont of Canada Ltd.):** Mr. Chairman, may I make a statement? I am just not sure I am in accord with the last statement about imports from a third country being imported into another country. While Mr. Hart has talked about these being on quota, I do not think they have to be on quota. They might be just low price goods from one country going into another country, and they might be sold in that second country and have complied with all the requirements.



• 1150

They might be sold to the same purchasers that the importer or vendor deals with in his ordinary course of trade. Actually they might be taken care of by clause 9, but our concern, as Mr. Harkness said, is that these could be low-priced products in the country of export—not exported to here—and which could be used as a basis for value because they might be freely offered in the country of export by other vendors.

In consideration of the proposed draft Regulations, paragraph 1 of which says:

...the said sale is the period ending on the day of the said sale and commencing ( ) days immediately preceding that day or for such longer period, as in the opinion of the Deputy Minister, is required by virtue of the nature of the trade.

this paragraph has to be read in conjunction with clause 9 and I suggest if this period is extensive, perhaps the Deputy Minister could take a domestically-produced vendor's price, he may take the price of a vendor who is selling cheap imports in the export country or, indeed, he may perhaps be permitted to take an averaging or a combination of both of them and then arrive at a normal value for duty on exports to Canada that would bother Canadian producers.

**Mr. Lambert (Edmonton West):** I take some exception to what Mr. Arthur said that this might not be in the ordinary course of trade. For example—I think this will parallel what Mr. Hart has been trying to say—if we take the case of men's cotton shirts made in Britain and brought into Canada. A complaint is made that they are being dumped; the Deputy Minister goes to Britain and looks at the normal value in Britain for these shirts sold in like quantities to similar customers. As Mr. Hart said, we know there are cheap shirts—cheaper cotton shirts—being distributed in Britain but made in Hong Kong, which is in the normal course of trade. Mr. Hart has asked that you exclude the sales of Hong Kong-made shirts from the determination of normal value of men's cotton shirts made in Britain.

I think I have made my point. Certainly the sale of men's cotton shirts in Britain which were made in Hong Kong is in the normal course of trade and would not be the exception—possibly they even might not be

subject to quota. I think we have the clarification and I would suggest that it is a valid point.

**Mr. Gray:** Mr. Chairman, to further clarify this as I think Mr. Lambert has raised something of significance perhaps we should make a distinction between shirts made in Hong Kong and sold both in Britain and Canada and shirts made in Britain and sold in Canada. If we are talking about a possible import of shirts made in Britain as distinguished from the shirts made in Hong Kong and sold in Britain and Canada, then it may well be that the officials with regard to the former case will say the Hong Kong shirts are not like goods. Is that possible, Mr. Arthur?

• 1155

**Mr. Arthur:** Mr. Chairman, if these shirts were imported from Hong Kong and depending on what basis they were imported, the United Kingdom authorities may well have established a value under their export system which would raise the value of these particular shirts. If they were, of course, imported directly from Hong Kong, we have dealt with the amendment to the Customs Act which proposed that if they are causing injury to Canadian producers it is possible to establish an arbitrary value base.

**Mr. Lambert (Edmonton West):** The Hong Kong shirts that I talked about were not being imported to Canada. They were imported only into Britain. I was talking about the complaint that there was a dump by an English textile manufacturer of English made men's cotton shirts and in order to establish the normal value of those shirts you should exclude the value or the price of men's cotton shirts made in Hong Kong but sold in Britain.

**Mr. Gray:** But my question to Mr. Arthur is, can the Hong Kong shirts be deemed to be "like" goods? If they are not, then, as I understand the Bill and Regulations, they cannot be taken into account in determining normal value in the country of export, mainly Britain.

**Mr. Lambert (Edmonton West):** Having bought shirts in both countries, Mr. Gray, I would put you to the test. They are "like" goods.

**Mr. Gray:** Perhaps we could hear from Mr. Arthur.

**Mr. Arthur:** Mr. Chairman, I do not think I would care to comment on whether they are "like" in that sense, but I am quite satisfied that the Deputy Minister of National Revenue in undertaking the investigation to establish normal value would, if these shirts that had caused the investigation were, in fact, made in the United Kingdom, take "like" shirts as a basis for determining normal value. I do not really think they would include imported shirts in that kind of a determination.

**Mr. Stokes:** Mr. Chairman, this is exactly what we have mentioned here: "...goods produced in and for home consumption in the country of export..."

**The Acting Chairman (Mr. Blair):** Are there any further comments, gentlemen?

**Mr. Danson:** I just wanted to bring up the other possibility—I can understand my Conservative friends dealing with cotton undershirts...

**Mr. Lambert (Edmonton West):** Cotton shirts.

**Mr. Danson:** ...and use another example of a chemical or a product like polyethylene which is produced, say, in Germany, but not produced in Guatemala. Now, Germany might very well have some excess production which they could sell to Guatemala where there is no producer at all. This would come in at a very low price and it would not be considered dumping. It would not have been dumped because it would not injure any industry in Guatemala. As a matter of fact, it would help some of their industries. However, Guatemala then would be in a position to import great quantities of polyethylene and ship them into the Canadian market. This would not be considered dumping, as I understand it, because Guatemala would be considered the country of origin.

**Mr. Arthur:** Mr. Chairman, in response to the last question I think clause 12(1) and (2) deals with that circumstance. Particularly, I would direct your attention, Mr. Chairman, to clause 12(2).

**The Acting Chairman (Mr. Blair):** In other words, Mr. Arthur, you are suggesting that the Deputy Minister under the power given to him in clause 12 can look through a transaction such as the one described by Mr. Danson and say in effect that the value

which prevails here will be the value in determining the market of origin?

**Mr. Arthur:** Yes, sir.

**Mr. Danson:** Clause 12(1) uses the words "in transit". Does that mean the same thing?

• 1200

**The Acting Chairman (Mr. Blair):** The other clause I would suggest, Mr. Danson, and the more governing one in this circumstance, would be subclause (2) on page 58. This clause appears to deal with two conditions, "in transit" shipments and then what are described as indirect shipments which would fall into your category.

Gentlemen, I do not want to appear to be rushing ahead, but I do have to say that we have a heavy schedule ahead of us. We have another delegation appearing this afternoon and if we begin to fall behind we will get into extreme difficulty. I am sure the Canadian Chemical Producers' Association appreciate this. Do you think we could now proceed with the discussion of the proposed rewording of clause 13?

**Mr. Arthur:** Mr. Chairman, the proposal before us is that:

The Deputy Minister is required to make an investigation forthwith.

which is under clause 13(1) and it is the suggestion of the Chemical Association:

It is equally essential that he reach his initial opinion in 13(1) or his decision under 13(2) expeditiously.

If I might just refer to clause 13(1), initially, the opening words of this clause read as follows:

The Deputy Minister shall forthwith cause an investigation to be initiated respecting the dumping of any goods, on his own initiative or on receipt of a complaint in writing by or on behalf of producers in Canada of like goods, if

(a) he is of the opinion that there is evidence that the goods have been or are being dumped; and

(b) either

(i) he is of the opinion that there is evidence, or

(ii) the Tribunal advises that it is of the opinion that there is evidence,...



I would suggest to you, sir, that in the proposal made here that clause 13(1) (b) (ii) be worded in the same manner—I take it with either the word “expeditiously” or “forthwith”—that that is covered by the opening words of that particular paragraph and that the word “forthwith” there applies to both subclauses (a) and (b).

**The Acting Chairman (Mr. Blair):** Gentlemen, are there any further comments on this particular proposal, either from the Committee or the delegation?

**Mr. Hart:** Mr. Chairman, our concern in this is that, admittedly, he does cause an investigation to be initiated forthwith, but it seems to us that his opinion can be withheld while this investigation is going on and it is possible in certain cases that he would not make an opinion for three or four months.

**Mr. Arthur:** Mr. Chairman, in response to that, I think the draftsmen considered this at great length and it did not seem to them to be desirable to set any specific time limitation on the determination by the Deputy Minister nor was it the draftsmen's view that the adding of a word such as “expeditiously” would cause him to necessarily reach his conclusion any faster than he would normally do. The main concern, I would suggest, is that he begin the investigation “forthwith” and, presumably, when he has sufficient evidence for him to reach a preliminary determination, he will so do.

• 1205

**Mr. Harkness:** Mr. Chairman, you might perhaps remember this was one of the points I raised earlier when we were considering the White Paper. I think this point is well taken. I think there is a need for something definite here to ensure that the Deputy Minister takes action and just does not investigate and investigate because time is the most important element as far as a lot of these matters are concerned. Unless action is taken speedily, the damage is done; the injury has taken place and there is no redress.

**Mr. Gray:** Mr. Chairman, perhaps we could ask Mr. Arthur and also his colleagues from the Department of National Revenue if it is their intention to apply these provisions of the Bill “expeditiously”. Perhaps we should find out how they intend to carry out the obligations that will be imposed upon them by this law if it is adopted by Parliament.

Mr. Arthur, could you inform us on behalf of your own Department and also the Department of National Revenue?

**Mr. Arthur:** Mr. Chairman, since the Department of Finance will not be directly involved in the administration of this proposed Bill I do not wish to speak for the officials of the Department of National Revenue. However, I do believe that during the last session of this Committee the Deputy Minister of National Revenue gave evidence to the effect that they were reorganizing their department in the light of this proposed legislation and they would be moving quickly in these investigations. Probably Mr. Hind would care to comment on this.

**Mr. A. R. Hind (Assistant Deputy Minister, Department of National Revenue (Customs and Excise):** Mr. Chairman, we certainly intend to do the best we can to make a success of this new legislation and do it as quickly and effectively as we can.

We have tried to anticipate what staff we might need to carry out the provisions of the proposed Bill and I think most of you will accept that it is very difficult to try to determine just how many people you should have for a case of this kind.

We rather expect that in the early days there may be a flurry of complaints received by the Department and we will have some anxious moments for a period, in any event. We would hope, though, as time goes on and people have a few cases which have been dealt with that they will begin to understand how the law reads and how it is being administered and we would like to hope that we would not receive too many frivolous cases.

We have added to our staff in Ottawa; we have increased our investigational staff abroad; we have added an additional man to our office in Brussels; we have an office in London, England where we have three people; we have added one man to our office in Chicago; we have opened a new office in San Francisco; we hope to open another office in the United States next year and we have added an additional investigator to our investigational staff in Tokyo, Japan. We think we are geared up with qualified staff. However, only time will tell whether we have too many or too few.

• 1210

**Mr. Hales:** Mr. Chairman, this is the most important part of this legislation and I reiter-



ate what Mr. Harkness said. I think it is the wish of the whole Committee that we protect the chemical industry in Canada and that none of the existing companies will be put out of business nor will people lose their jobs. It is fine for us to sit here and talk about "forthwith", "expeditiously" and so on, but if you have a large company with a good number of employees and some product is dumped into the country which is about to put you out of business and that owner has to wait for three months for a decision to be made, he can be put out of business. I wonder why there is not some place in this Bill where an injunction could be instituted. When a manufacturer learns that something is being dumped that could be injurious to his company and he has registered his complaint with the Deputy Minister or with the Department—it is a legitimate complaint of dumping—why do we continue to allow these products to be dumped while the investigation is being made? Why do we not set up some form of legislation that will, by the duty, say that immediately there will be no more importations of this product until a decision has been handed down? This would give some kind of protection to our existing chemical industry or any other industry, for that matter. Would this be possible?

**The Acting Chairman (Mr. Blair):** May I just make a suggestion? I hope Mr. Hales will not misunderstand me. The question he asked is an exceedingly important one, it ranges right across all the provisions of the statute. I am afraid, Mr. Hales, if we ask our officials to more or less indicate the different parts of the statute which may or may not cover your point that we might become quite diverted from hearing the case of the Canadian Chemical Producers' Association. I think you will agree with me that you are probing right into the middle of the statute and all its aspects in an attempt to ensure that adequate protection is given.

**Mr. Hales:** May I ask a supplementary question? Is there any place in this legislation whereby future importations can be stopped immediately a legitimate complaint has been made or do we have to wait up to three months for an investigation?

**Mr. Gray:** Could I make a comment? Mr. Hales' first question, I believe, raised a matter of policy which I do not think the officials would want to attempt to deal with. It is something we might possibly want to discuss

when we get to our third stage of formal and final debate on the draft legislation before us. If I am not mistaken, there is nothing by way of an injunction procedure either in the proposed Bill or in the existing legislation under we are presently operating. Instead there are provisions for applying duty on a provisional basis or, under the existing legislation, perhaps on an actual basis in the case of a situation referred to by Mr. Hales.

I would like to ask Mr. Arthur if he could tell me, at the same time as he is answering Mr. Hales, if there is anything by way of an injunction procedure contemplated in the Anti-Dumping Code which was signed by the various nations which took part in the Kennedy Round and is there anything by way of an injunction procedure in the present laws of our major trading partners?

**Mr. Arthur:** No.

**The Acting Chairman (Mr. Blair):** Mr. Arthur has answered.

**Mr. Perrault:** Mr. Chairman, it seems to me if this suggestion were followed it would open up a whole new area of abuses. I do not think it would be a feasible possibility at all as far as making this legislation work more effectively.

**Mr. Hales:** I would like to hear from one of our witnesses on this.

**The Acting Chairman (Mr. Blair):** Are you finished, Mr. Perrault?

**Mr. Perrault:** I do not think it is possible to put in a word like "expeditiously". I think the only assurance we can obtain from the officials is that they will treat the applications in sequence and order and act as quickly as possible. How can we establish any other criteria?

**Mr. Danson:** It seems to me that we are asking the Departmental officials to be efficient which, I am sure, they are now. The actual practical impact of this is that if something is being investigated, any businessman is going to be very careful if he knows this is under review before he starts bringing in other like goods under like circumstances. The threat of the legislation is good enough.

• 1215

We must realize, too, that we are all on the same side. We are trying to protect Canadian interests. Is that not what our officials will be

doing? The fact that the investigation takes place immediately should be enough of a deterrent to any further abuses. Possibly the gentlemen from the chemical industry are not satisfied on that score.

**Mr. Hart:** Mr. Chairman, I fully agree that we will be very happy and pleased to see investigations starting forthwith, to see investigations starting within a matter of days after a complaint has been made—a complaint substantiated by sufficient evidence to induce or persuade the Deputy Minister to reach an opinion.

However we are concerned that the Deputy Minister should reach his opinion quickly because until he reaches an opinion he does not initiate an investigation. There is no concern on our part about getting on with the investigation forthwith, but we are anxious that he make up his mind quickly that there is justification for investigation.

**The Acting Chairman (Mr. Blair):** Again, I do not wish to brush aside the very important point made by Mr. Hales, but I do suggest that it is the kind of thing we should look at when we made our final report. I have looked at the clock and note that we have several other sections in this submission to deal with. In order to perhaps save a little time I wonder if we might ask Mr. Arthur to make comments on the remaining sections which would give us an indication of where the weight and importance might lie and then we could discuss them *seriatim* in order. Would that be agreeable?

**Some hon. Members:** Agreed.

**Mr. Arthur:** Mr. Chairman, the next suggestion of the Canadian Chemical Producers' Association related to clause (6)(a)(ii). The suggestion of the Association is that the wording should be amended as follows:

...the margin of dumping of the goods

the word "or" changed to "and"

and the actual or potential volume of dumped goods are negligible, or ...

Mr. Chairman, this particular paragraph relates to the termination of an investigation by the Deputy Minister and I would suggest it may be more clearly understood by the Committee if I were to read it in the following manner. Under subclause (a):

(a) where he is satisfied that

(i) there is insufficient evidence of dumping to justify proceeding with the investigation, or

(ii) the margin of dumping of the goods, or

(iii) the actual or potential volume of dumped goods is negligible ...

In other words, there are three conditions set out here which may cause him to terminate his investigation. The first is insufficient evidence; the second is that the margin of dumping of the goods is negligible and the third is that the potential volume of dumped goods is negligible. It is a matter of whether or not either the margin of dumping or the potential volume would, indeed, cause injury. I would suggest, Mr. Chairman, that this wording is carried forward from the Code.

**The Acting Chairman (Mr. Blair):** We will now move to the comments on clause 14.

**Mr. Arthur:** Mr. Chairman, I would say that the amendment the Association has suggested to clause 14(1)(b) flows out of their suggestion with regard to clause 13(6). I think the argument that was given for clause 13(6) would apply here. Clause 14 deals with the preliminary determination of dumping and, again, as a result of his investigation the Deputy Minister has to be satisfied that the goods have been or are being dumped and the margin of the dumped goods and the potential volume thereof is not negligible. In those two circumstances there is likely to be injury and on that basis he comes to his preliminary determination. So, these two requirements need to be met before he makes his preliminary determination.

• 1220

I suggest, sir, that the proposal which the Association has made with respect to clause 14(1) would only apply if the changes they proposed in clause 13(6) were met.

**The Acting Chairman (Mr. Blair):** Would you now proceed with clause 16(5)?

**Mr. Arthur:** Mr. Chairman, clause 16(5) of the proposed legislation says:

The Secretary shall forward by registered mail a copy of each order or finding to the Deputy Minister, the importer, the exporter and such other persons as may be specified by the rules of the Tribunal.

The Association has suggested that the subclause:

...be amended to add "complainants, if any" to the list of parties to be forward-



ed a copy of each order or finding, and such notice should also be published.

Mr. Chairman, under clause 25 of the proposed Bill the Tribunal is given authority to:

... make rules respecting

(a) the sittings of the Tribunal; and

(b) the procedure for making representations to the Tribunal and generally the manner of conducting any business before the Tribunal.

It was the draftsmen's view that this would give the Tribunal sufficient latitude to make rules regarding those that should be notified as a result of any order or finding they make.

**The Acting Chairman (Mr. Blair):** And finally, on clause 30?

**Mr. Arthur:** Mr. Chairman, this is a rather long suggestion that has been made by the Association. The suggestion, as I understand it, is that the Association believes the Panel is "redundant and undesirable" and they recommend therefore, the deletion of clause 30 of the draft legislation which sets up this Panel.

Mr. Chairman, the only comment that I would care to make at this time, as Mr. Grey mentioned to you in an earlier sitting, is that the purpose of this clause is to provide some formal means by which the Tribunal would have made available to it information about the state of economic activities in a particular industry in Canada. It is quite clear, however, from the proposed legislation that the Tribunal is not bound by this advice; they are only bound to seek it, but are not bound to heed it. I have no other comments that I would care to make on that particular suggestion.

• 1225

**The Acting Chairman (Mr. Blair):** Thank you, Mr. Arthur. Gentlemen, I suggest that we now retrace our steps and deal with the specific clauses in turn. I will ask the Canadian Chemical Producers' Association if they wish to make any further comments on their proposal for the rewording of clause 13 (6) (a) (ii).

**Mr. Stokes:** Mr. Chairman, the reason we are concerned in this area is that a large volume of goods which, say constituted negligible dumping could be as damaging to a Canadian industry as could a small volume

with a large degree of dumping. It seems to us that the legislation certainly would not cover this.

**Mr. Hart:** Mr. Chairman, the prime purpose of this particular recommendation is to further strengthen the legislation for the protection of Canadian producers against injurious dumping.

**Mr. Gray:** Mr. Chairman, possibly the misconception is in my mind, but it seems to me there may be a misconception. The words referred to by the witnesses refer to circumstances under which the Deputy Minister can reach a certain decision. They do not mean that these circumstances are such that after, say, reference to the Tribunal these circumstances will not be finally deemed such that will oblige the imposition of dumping duty. Am I right or wrong in that, Mr. Arthur?

**Mr. Arthur:** That is correct if I understand the import of the question.

**Mr. Gray:** The circumstances you mentioned and which are covered by the wording cited in your brief are not such that they will always be excluded from the imposition of dumping duty. These circumstances just enable the Deputy Minister to act in a certain way, but this does not mean that the other provisions of the Bill will not enable those concerned to refer the matter to the Tribunal which may come to a different conclusion such that duty will finally end up being imposed.

**Mr. Hart:** Mr. Chairman, this provides another aspect of discretion. If the wording were to remain as is the discretion to be exercised by the Deputy Minister would be somewhat greater than would be the case if the wording that we are proposing were adopted.

**The Acting Chairman (Mr. Blair):** What the industry is suggesting is that before the Deputy Minister is entitled to make a determination that this is not a case to be proceeded with further, he would have to be satisfied that both the margin of dumping was negligible and the potential volume of dumped goods was negligible.

**Mr. Gray:** Would this not limit the area of discretion of the Deputy Minister in a way which might be adverse to Canadian producers? The Canadian producers might want to



argue either of these situations and your proposal would make it necessary for both to be in existence.

**Mr. Hart:** In this particular case, Mr. Chairman, it is desirable that the investigation should not be terminated because, for example, the margin of dumping alone is negligible, but the volume may be very substantial or vice-versa. We are just asking that the investigation continue.

**Mr. Gray:** Would it not be better if the conclusion were reached as quickly as possible so, if necessary, it could go to the Tribunal which would lead to final action being taken?

**Mr. Stokes:** He may decide to terminate the whole matter.

**Mr. Gray:** Yes, he has to give notice and the domestic producer who does not agree then can proceed immediately to appeal to the Tribunal. It seems to me—I may be in error in this—that what you are proposing could lead to a stretching out of things when you have just been complaining about the risk of that.

• 1230

**Mr. Stokes:** Mr. Chairman, I doubt if this would lead to any lengthening of the situation. Surely the Deputy Minister will have the facts in front of him on the volume and the degree of dumping at this time. It is just a matter of combining the two rather than looking at one and then the other individually, in which case he could terminate on one or the other.

**The Acting Chairman (Mr. Blair):** Gentlemen, are there any further comments on clause 13(6)? Could we then proceed to a discussion of clause 14(1)(b) which is not unrelated?

**Mr. Gray:** Mr. Chairman, may I make a correction in my previous comment. The question of dumping rather than injury, of course, under this agreement is something to be appealed to the Tariff Board rather than the Tribunal. I should correct my previous comment.

**The Acting Chairman (Mr. Blair):** Mr. Stokes have you any further comment to make on the proposal regarding clause 14(1)(b)?

**Mr. Stokes:** No, Mr. Chairman. If the Committee accepts our reasons for changing clause 13 then automatically they would accept our amendment to clause 14(1)(b).

**The Acting Chairman (Mr. Blair):** Are there any further comments or questions, gentlemen? Then may we look at the proposal with reference to clause 16(5) dealing with the procedure of the Tribunal. Has the delegation any comments on Mr. Arthur's remarks, or any further observations to add?

**Mr. Hales:** Mr. Chairman, I do not recall Mr. Arthur giving us any reasons why the complainants should not receive a copy of each order. I think it would be of great interest to the complainants to have the findings of the Tribunal. I cannot see any reason why they should not receive it.

**Mr. Stokes:** Mr. Chairman, I may be assuming something here that is not correct, but it seems to me that it is almost an error or omission in the drafting, because the complainant after all is the man most affected in all this.

**Mr. Lambert (Edmonton West):** I think the answer was that it is assumed the Tribunal will make the specific rules to cover this particular point. However, with the greatest respect to the draftsmen of the proposed legislation, I agree that I am not going to assume anything in this particular case. It seems to me there should be a provision here. A long road has been paved with pious intentions and pious hopes.

**Mr. Gray:** Mr. Chairman I think that Rod Grey already indicated to us in his evidence that during the final stage of our proceedings he may well be proposing for our consideration certain changes in wording and so forth. This may be something that the officials will take note of and which we will be able to consider during the final stage of our proceedings.

**Mr. Hales:** Mr. Chairman, may I suggest at this point, supposing the draftsmen do not do this, that then it will be before the House and we will have an opportunity of making an amendment in the House to see that it is done.

**The Acting Chairman (Mr. Blair):** I think, hopefully, Mr. Hales, that in the final round of discussions in the Committee we will come to a consensus on all of these points. I think for the benefit of our delegation and for the

benefit of everyone present, we should explain that while we are giving careful consideration to the points raised it would be obviously very premature for the Committee to say yes or no to any specific suggestion.

• 1235

With reference to clause 30 a rather fundamental change is proposed and it has been commented upon. Have you some observations on this proposal Mr. Stokes?

**Mr. Stokes:** Yes, I would like Mr. Hart to deal with this.

**Mr. Hart:** Mr. Chairman, we have a number of reasons for being quite concerned with this particular provision to establish a Panel. We are concerned that a Tribunal composed of five capable, experienced men appointed by the government, a Tribunal which shall be deemed to be a court of law, a court of justice, should be required, whether it wishes or not, to seek advice from a Panel of civil servants who may be at the level of Deputy Minister or who may be below the level of Deputy Minister. It seems to us that this may imply a lack of confidence in the Tribunal.

Another point is that the Deputy Minister of Customs and Excise is involved in every case of dumping. He has an opportunity in that position to direct to the attention of every other department likely to be interested, any views he may have, and he is also in a position to express his views to the Tribunal.

The Tribunal itself is authorized under clause 26(2) of the proposed legislation, to obtain advice from any department of government. Therefore, there is nothing to preclude the Tribunal from issuing a standing invitation to all departments of government to indicate their interest in any case of an investigation into dumping and the reasons they are interested. Now every department of government will be made aware of every investigation through publication of notice in the *Canada Gazette*.

Another point mentioned in our submission is that though the Tribunal is required to seek advice it is not required or bound to accept the advice of the Panel. We say, therefore, why make it mandatory to seek such advice?

Although the Panel is required to consider any matter as soon as possible these words "as soon as possible" indicate to us the prospect of delay. We are most anxious that there

should be a minimum of delay in arriving at decisions by the Tribunal.

Also, we do recognize that Canada has certain obligations under Articles XV and XVI of the Anti-Dumping Code to account for all its actions to all other participants in this agreement with respect to dumping. We feel it is quite reasonable to assume that the members of the Tribunal will be fully aware of this obligation Canada has to account for its actions, and being aware of this obligation it would be governed accordingly. In these circumstances we feel that a Panel would be redundant and in fact undesirable.

**Mr. Roberts:** I wanted to say, Mr. Chairman, that I have been troubled by this clause and I do not think, in reading over the testimony, there has been a sufficiently good case made out, at least not yet. I am almost in entire agreement with the remarks of Mr. Hart. This does inevitably fudge the lines of responsibility in the administration of the act. It will impose a delay.

It seems to me what the clause really does is try to square the circle. It tries to open up an avenue of influence for deputy ministers or their representatives while at the same time holding the Tribunal absolutely independent. I suggest you cannot really do that. You cannot square that circle. You are going to arouse at least the suspicion of belief in the minds of certain of the public that there is a control or strong influence being exercised against Tribunal members even though they carry, formally in the act, the responsibility.

• 1240

We have to deal here not only with the legal wording of the act, we have to deal with the almost spontaneous reflexes of the public servants. Even though you hold out in the act that the Tribunal alone is responsible, the fact that you require the advice of a Panel will make the Tribunal give certain weight to the Panel's views. I am not at all convinced that we should really split the public image, at least, of how responsibility in this act is to be exercised.

I would like to have some comments from the officials on this. I am not really quite happy with their repeating Mr. Grey's words and not saying any more.

**The Acting Chairman (Mr. Blair):** I believe Mr. Hales had a question. Would you like to put it before we go any further?



**Mr. Hales:** Yes, Mr. Chairman, I have just a short question. Perhaps Mr. Arthur could tell us what they have done in this respect in other countries? Has the United States set up a panel to advise their tribunal or have any other countries followed a similar pattern?

**The Acting Chairman (Mr. Blair):** Mr. Harkness has a question. I do not want to make Mr. Arthur's position too difficult but perhaps he could take notice of all the points.

**Mr. Harkness:** In discussing this previously I pointed out that I thought there was a very considerable danger of considerable delay being imposed by this clause, and particularly subclause (2), which Mr. Hart has referred to. It reads:

The Panel shall as soon as possible consider any matter ...

It is very indefinite language and the Panel might well not meet for quite a lengthy period. Thus you might once more have the type of delay which causes considerable injury before any determination can be made by the Tribunal just because the Panel has not reported to it yet.

I think when we discuss the matter finally we should give considerable attention to this. I see quite a lot of difficulty and delay arising from the wording that appears here.

**Mr. Arthur:** Mr. Chairman, I would like to address my remarks to those made by Mr. Harkness and by Mr. Hart as to a possible delay in the Tribunal receiving advice from the Panel. In the paragraph regarding the activity of the Panel it says "as soon as possible". You will recall, sir, the other time this particular clause was discussed we pointed out our view that subclause (3) of clause 16 which says that the Tribunal shall, within a period of three months from the date of receipt of a notice of a preliminary determination of dumping and so on, is an overriding clause, and if indeed the Tribunal had not received advice from the Panel it would nevertheless be required to meet its obligations under this particular subclause. So I do not think on the matter of delay that this would necessarily follow.

**Mr. Harkness:** That provides at least three months' delay though.

**Mr. Hales:** You are out of business for that time.

**Mr. Gray:** Mr. Arthur do you have the information for us on what trading partners

are doing or may be doing with respect to panels and this type of thing?

**Mr. Hales:** That was my question.

**Mr. Gray:** I wanted to know if you could give the information to Mr. Hales at this point?

**Mr. Arthur:** Mr. Chairman, as members of the Committee are well aware the setting up of this particular Tribunal is a new departure for Canada. It was therefore considered because their decisions were economic in nature that it would be advisable to have available to them information that may be in various departments regarding the economic strength of any industry.

#### ● 1245

As to the United States and the United Kingdom, both of these countries have for many years had legislation in effect which required determination of injury before dumping duty was assessed. Therefore neither of these, because they have a long precedent to go on, have the same panel as such. However, they do have available to them the information of their various governments.

**Mr. Lambert (Edmonton West):** Without prejudicing my previous stand about pious hopes or intentions, surely to goodness an enlightened Tribunal operating under these circumstances will avail itself of the powers given to it under clause 26(2) as suggested in the brief. They have ample opportunity there to seek the advice of any government department or agency they see fit. I am wondering why we again have to tighten nooses, so to speak. Well, this is real bureaucracy with more and more red tape and I do not think it is necessary.

**Mr. Gray:** Mr. Chairman, I think the officials present from the departments concerned have noted the views expressed by members of the Committee representing various parties, and I think this is something to which we should give very serious consideration when we reach our final discussion stage.

**The Acting Chairman (Mr. Blair):** Gentlemen, on page 3 of the brief there is a section headed General Comments. It deals, if I might suggest, with the matter that has been very much in the minds of everyone of the expeditious handling of complaints and the



extreme danger which could be created for Canadian industry by the initial importation.

Similarly paragraph (b) deals with the question of administration. Again I might suggest that the considerations on this matter have been discussed amongst ourselves and with the delegation. We have also discussed the question of circulation of regulations inviting public comment before they become binding.

However, I think at this stage we should regard ourselves as open to final statements from the Chemical Producers' Association, and any concluding comments that members of the Committee might wish to make.

**Mr. Lambert (Edmonton West):** I think paragraph (a) could almost be called what some people have termed "one free dump". In discussing this with the Minister of Finance and others it has been pointed out that really the administration does provide for catching the goods retroactively and so forth. However, I would like to hear the views of either Mr. Stokes or Mr. Hart on just what is meant by the one free dump, and how they feel their industry could be affected by goods being dumped with a dumping duty then being assessed, but in the interval the goods would still be here. And what has happened to the industry whose inventory may still be sitting in tanks or on shelves, unsold.

**Mr. Stokes:** Mr. Chairman, I think Mr. Mathewson has an excellent example of this that he has documented. I would like him to read it, Mr. Chairman.

**Mr. Mathewson:** Actually I have two cases which I think will illustrate the point you are making, or the question you are asking, Mr. Lambert, and the need for expeditiousness in other areas.

Let us take the case of chemical "X". There are two producers in Canada with ample production to take care of the whole market. In the month of April a shipment of chemical "X" was made to Canada with the alleged objective of making a bridgehead in the Canadian market. The quantity shipped was roughly 10 per cent of the Canadian annual consumption. The advance offers and sales of the product subsequent to its arrival broke the Canadian price. As soon as the seriousness of the matter was recognized the member company that was hurt lodged a

complaint with the Department of National Revenue in early May. It was not until early September after several follow-ups that the exporter was advised of what the Department considered to be the proper fair market value.

• 1250

Here is a straightforward case; the shipper and the importer were known; the port of entry and the approximate date of entry were known and yet it took four months to complete an investigation.

**Mr. Gray:** Under the existing law?

**Mr. Mathewson:** Yes, that is right, Mr. Gray.

In view of this, one might wonder how long a complex case might take. The new legislation allows for no retroactivity except in the case of massive dumping. Let us examine this case if it had occurred under the proposed legislation. I would assume that a shipment of this magnitude would be considered massive; by breaking the Canadian price it certainly was injurious; therefore, prompt determination on whether there was a dump or not would be vital.

The question that bothers us is while effective remedial action theoretically would be available under the proposed legislation through the prompt imposition of provisional measures, would the Customs and Excise Division think it necessary to await the pleasure of the exporter in providing price data before applying provisional duties? If they had in this case, the ninety-day retroactive period available in a case of massive injurious dumping would already have expired. For that matter, would a quantity representing 10 per cent be regarded as massive so that there would have been any possibility of retroactive action at all? That is my first illustration.

**Mr. Gray:** Perhaps we might invite Mr. Arthur or Mr. Hind to comment both on your example and the suggestions made in Part III(a) of your brief. I note Mr. Arthur has a few notes in front of him and perhaps we could have the benefit of this document.

**Mr. Arthur:** Mr. Chairman, it is a little difficult to comment on such an involved statement as the one that has just been put to us. I think, though if, as has been suggested, it were injurious and massive that the

Association has possibly overlooked or not taken into account clause 5. Under both the Code and the proposed Bill dumping duty will apply when goods imported have caused, are causing or are likely to cause material injury. Their comments in the brief relate to material injury and I would suggest that the first import, if it were large or the entered goods formed part of a series of importations in the aggregate that were massive and an injury were proven that the retroactivity would be 180 days rather than the 90 days to which you referred.

I would merely point out here, Mr. Chairman, that when the dumping action comes to the attention of the authorities it can be dealt with within 90 days of the date of the original importation and it may be that it would be subject to duty retroactively as much as 180 days from the date of entry. This would be covered by clause 5. Therefore, I would suggest that in the circumstance that has been put before you that it would be possible for this particular importation to be subject to dumping duty.

In this connection, Mr. Chairman, in answer to the more general questions about the first dump or the first entry being a free dump, as we mentioned earlier, clauses 3, 4 and 5 of the proposed legislation must be considered together. I would, however, say that even if the administration acts with due haste it is possible to have one importation that would escape dumping duty, but that importation may well trigger an investigation that would subsequently result in the application of dumping duty to imports after the date of the preliminary determination by the Deputy Minister.

• 1255

On the other hand, if, as has been suggested in the illustration, it were very large and was determined by the Tribunal to have been injurious or was one of a series of importations that were considered to have been massive, the retroactivity under clause 5 would also apply.

**Mr. Mathewson:** Mr. Chairman, could I ask a question for clarification? Where do you get the 180 days? I see 90 days mentioned here, but where is the other 90?

**Mr. Arthur:** Well, 90 and 90.

**Mr. Mathewson:** Could we take them one at a time and see if they apply in this case?

**Mr. Arthur:** Clause 4 deals with the application of provisional duty between the time of the preliminary determination and the time of the finding or order of the Tribunal which would be a maximum of 90 days.

**Mr. Mathewson:** But not going back. This is after the fact.

**Mr. Arthur:** Then I would suggest to you, sir, that you look at clause 5 (b) which says:

There shall be levied, collected and paid upon all dumped goods entered into Canada...

(b) that were entered into Canada during the period commencing 90 days before the Deputy Minister made a preliminary determination of dumping...

**Mr. Mathewson:** But that is only 90 days.

**Mr. Arthur:** There is another 90 days upon the decision of injury.

**Mr. Mathewson:** Yes, but I do not think in this illustration, unless I am completely wrong, that this would do me any good. The goods came in April, but if the decision were not made until September, I think that would be it if he waited that long to make it. I do not feel that this other 90 days comes in there. In this case the man had not even made his preliminary decision in 120 days.

**Mr. Arthur:** Mr. Chairman, I think we are dealing with a rather hypothetical circumstance.

**Mr. Mathewson:** They are very real, Mr. Arthur.

**Mr. Arthur:** I suggest that the illustration that has been put before us suggests that the Deputy Minister would not make his preliminary determination within 90 days of the importation that caused material injury. However, I was suggesting, and I think officials also have said that they hope it will be possible to make these decisions in circumstances where the decision could be made—the preliminary determination by the Deputy Minister—within 90 days of the importation that is alleged to have caused the massive injury. The Tribunal will make its determination of injury or order or finding of injury within 90 days and then that particular importation to which you referred would, indeed, be subject to dumping duty. In those circumstances there would not be one free dump.



**Mr. Mathewson:** Right, but what I am saying is that here is a practical case—you said it was a complicated case, but it is as simple as you can get. You knew all the people involved; you had all the data, but under today's condition it took 120 days for somebody to have made this preliminary decision. The question I was asking was, if the proposed legislation were in effect today and that same decision had taken 120 days, that would have been it. There would not only have been a first bite, it would have been a massive first bite. This is why we are worried about how expeditiously these decisions can be made. If they have to wait for the whim of the exporter to reply to letters at his convenience and so on, he can drag the thing and carefully avoid the provisions.

• 1300

**Mr. Gray:** Mr. Mathewson, I think there are some things that we should keep in mind here. First of all, the officials in question have stated it is their intention to proceed expeditiously and it would appear to me from the evidence given by Mr. Hind this morning in which he set out the additional staff and the additional administrative set-ups that he is putting into effect that they intend to proceed, without reflecting on what they did before, even more promptly than is the case today. In addition to that, I think there are provisions in the Bill where if the exporter does not provide information in response to requests by the Deputy Minister, then the Deputy Minister can and, in fact, is obliged under the Bill to make a decision on the information he has available.

**Mr. Mathewson:** Expeditiously?

**Mr. Gray:** My understanding of the proposed law is that the exporter cannot stall the proceedings so that his transaction will be escaped merely by not responding to letters or requests for information. I presume it is intended if the exporter tries to do this that the Deputy Minister under the provisions of this Bill shall make his determination on the basis of information available to him. I think I should ask Mr. Hind if I am correct in my interpretation of this.

**Mr. Hind:** Mr. Chairman, that is my understanding of the way the law is proposed.

**Mr. Lambert (Edmonton West):** Mr. Chairman, I have a final observation. Provided

that preliminary decision is made within the 90 days, fine, but if it is made 92 days after, there is a free dump.

**The Acting Chairman (Mr. Blair):** Gentlemen, if I might intervene for a moment, I see we have arrived at 1 o'clock. I feel we have come very close to the end of our discussion and I would invite the comments of the Committee on whether we should continue for a few more minutes or should we adjourn and reconvene at 3.30?

**Mr. Gray:** Mr. Chairman, I propose we continue for a few minutes.

**The Acting Chairman (Mr. Blair):** Is that agreeable to the Committee?

**Some hon. Members:** Agreed.

**The Acting Chairman (Mr. Blair):** I think the Canadian Chemical Producers' association have highlighted this question of the timing and I would suggest that we are now fully familiar with the problem.

**Mr. Mathewson** you said you had another example. Is it of the same kind?

**Mr. Mathewson:** No; it is somewhat in the same class, but it is of a different kind.

**The Acting Chairman (Mr. Blair):** Very good. Mr. Mathewson is an expert in "class or kind".

**Mr. Mathewson:** Let me take another case to illustrate a different facet.

A single shipment of chemical "Y" representing roughly 30 per cent of the Canadian annual requirement of this type of chemical arrived in Canada in April. This product has a duty of 15 per cent; but was allowed duty-free entry for certain end uses. The goods were reportedly cleared under a free end-use item even though they were not sold to qualified users and were offered on the market at prices substantially below the market price in the country of origin. Complaints were lodged by member companies with the Department on the scores of dumping and the wrong item.

Apparently the prompt action of the Customs and Excise Division in querying the importer after the complaints resulted in the importer putting the material into bond. All through the summer this potential bomb sat in Canada in the midst of the market with its status unresolved. Its presence caused the Canadian market price of the competitive



Canadian product to be reduced. It also harmed legitimate importers of the same product who were not trying to dump by undercutting their lowest possible price. The exporter was advised of the proper fair market value almost six months after the complaint or roughly six and a half months after arrival in the country.

To the best of our knowledge this bomb is still in Canada. Since the goods have not been sent back, it might be concluded that the importer is waiting for January 1, 1969 in the hope that he can then sell on the market with impunity.

Surely this should be a product which can be ruled on now to preclude injurious dumping when it comes to the market. Is this a reasonable assumption?

**Mr. Gray:** First of all, let me clarify something. Has this situation you have outlined taken place under the existing law?

**Mr. Mathewson:** Yes, the goods are in here under the existing law. That is correct, Mr. Gray.

**Mr. Gray:** I just wanted to clarify something which I raised on your previous example. Neither of these situations are forbidden or prevented from taking place under the existing law.

• 1305

**Mr. Mathewson:** No. This example was not intended as a criticism of the administration, I was just stating a fact. Here are two cases and this is how long they have taken. This is perhaps typical, I do not know. These are ones I know of in my experiences.

**Mr. Gray:** Typical of the administration under the existing law?

**Mr. Mathewson:** Perhaps this is the best they can do with the people and the facilities they have available. I was just stating that this is what is happening today. Even with one or two more people I do not know how this can be greatly improved tomorrow. It is the pious hope problem.

**Mr. Lambert (Edmonton West):** But if it happens under the new law, it is a free dump.

**Mr. Mathewson:** Yes, under today's law you can go back, but next year you cannot.

**Mr. Gray:** Mr. Hind, could you comment on this? What is the effect of these goods being here in bond and possibly being here in bond on January 1, 1969?

**Mr. Hind:** This may be a situation that should be examined. Unfortunately, I did not participate too actively in the designing of the proposed Bill, but the situation that you have here is one where people may, at the present time and in future, be able to bring goods into Canada and put them in bond which means that they do not pay any duty as long as those goods do, indeed, remain in bond. The duty is collected only when the goods are removed from the bond for consumption in Canada. I wonder if this might conceivably work back to what constitutes a perfect entry.

**Mr. Gray:** I think one of your colleague from the Department who, in fact, did take part in the preparation of the proposals, has a comment on when the entry will be perfected. Would the entry be perfected on the date the goods were put in bond or on the day they were taken out? Perhaps I have not phrased this properly.

**Mr. H. D. MacDermid (Chief, Valuation Section, Department of National Revenue (Customs and Excise)):** Under the definition clause, the entry, I think, would be perfected on the date on which the goods were released from customs' possession. I think if we were aware of this importation within 90 days and since we already have a ruling out it would be quite possible for us to catch this importation because we would have already gone through the process of establishing value for duty. The exporter now has a ruling. All we need to know is the date on which the goods are released and apply the ruling which is—I may not be quite right there because we would have to establish the value under the new law, but we would use essentially the same information. It would be a matter of establishing the normal value within the 90 days.

**Mr. Gray:** As a layman, can I ask you if the date of entry would be the date they were released from customs' possession or the date on which they were put into bond?

**Mr. MacDermid:** Under the new law the date of entry would be the date on which the goods were released from customs' possession.

**Mr. Gray:** At the moment the goods are in customs' possession, being under bond? Is that right?

**Mr. MacDermid:** Yes.

**Mr. Mathewson:** Would it be possible to determine injury in advance of the official entry when it is released from bond?

**Mr. Arthur:** Mr. Chairman, you cannot determine the liability to dumping duty, but this would be open to the Deputy Minister to refer the matter to the Tribunal if he felt, on the basis of the circumstances of the normal value of the product in the country of export and the selling price to the importer in Canada there was such variance that it could cause an injury once it was released, that it was possible to establish a liability for dumping should it be cleared at that particular price. I think, sir, that is the intent of clause 3 of the proposed Bill, that a liability under certain circumstances can be determined. Of course, dumping duty would not be collected until the goods were properly entered into Canada.

• 1310

**Mr. Mathewson:** I have one final question, Mr. Chairman.

What would happen if for some reason or other the Tribunal were not appointed by January 1, 1969? If it were not appointed for several months or, shall we say, 90 days?

**Mr. Arthur:** Mr. Chairman, my only comment on that is that I would take it that the government will assure if the legislation is in place there will be a Tribunal in place by January 1, 1969.

**The Acting Chairman (Mr. Blair):** Gentlemen, are there any further questions?

**Mr. Danson:** I have one question on the last point. Would the new legislation, in effect, because there is a threat of injury by the bomb being in bond, diffuse the bomb? This is obviously a threat which has been going on for six to nine months.

**Mr. Mathewson:** The injury has already been done. The price has gone.

**Mr. Danson:** That is right.

**Mr. Mathewson:** Even though the product has not yet come onto the market.

**Mr. Danson:** I mean subsequent to a situation such as this.

**Mr. Arthur:** Mr. Chairman, as I understand it one of the circumstances suggested here is that the price in Canada has declined as a result of knowing that this particular product was being held in bond. I take it that if those circumstances were referred to the Tribunal and the Tribunal were asked to make an order of finding on injury, that this certainly would be one of the factors taken into account.

**The Acting Chairman (Mr. Blair):** Just on this question which is a very intriguing one, now that the Department has full knowledge of all the aspects of this importation, and the goods are here in bond—I am not sure whether this question was answered—is it possible in this case for the protective measures and the proper valuation to be applied prospectively when the goods come out of bond and are formally entered?

**Mr. Gray:** I think Mr. MacDermid of the Department of National Revenue wants to deal with your question.

**Mr. MacDermid:** Mr. Chairman in my view it is possible to apply dumping duty provided the volume of the goods in warehouse is sufficient to cause injury. As far as establishing the value for duty is concerned we have now pretty well completed this process. I think the definition section would enable customs to catch this provided we got track of it and placed a value on it before 90 days and providing the importation was massive. Given those circumstances, then we would put the preliminary values on and it would go to the Tribunal. If the Tribunal were satisfied that there were injury then the dumping duty would be applied to this importation.

**The Acting Chairman (Mr. Blair):** It may be reassuring to Canadian industry to know if people have stashed imported goods away in bond in the hope of putting them on the market after January 1 the Department is not defenceless.

May I say to the delegation, unless there are further questions, that we greatly appreciate your coming here, and I think we are all of the opinion that you have contributed very much to our proceedings. Thank you very much.



## AFTERNOON SITTING

[Interpretation]

**The Chairman:** I must apologize for my absence this morning which meant you had to find an acting chairman, as our Deputy Chairman is abroad on special business. I would thank Mr. Blair for taking the Chair this morning.

[English]

This afternoon we have as witnesses a delegation from the Graphic Arts Industries Association. I will introduce the Association President, Mr. Gaston Boulanger and ask him to introduce the Association officials with him.

[Interpretation]

**Mr. Gaston Boulanger (President Graphic Arts Industries Association):** Mr. Chairman, allow me to introduce the members of our association who are with me this afternoon: Mr. R. P. White, Vice-Chairman. I will name the other members in the order they are seated: Mr. Maclellan, our General Manager; Mr. Buchanan, our Consultant; behind them are Mr. George C. Gardiner who represents the Canadian Lithographers' Association; Mr. J. A. Doucette representing the Canadian Paper Box Manufacturers' Association; and one of our Association's directors, Mr. W. E. Curry.

[English]

**The Chairman:** We also have with us Mr. C. D. Arthur of the Department of Finance, and I think Mr. A. R. Hind from the Department of National Revenue.

[Interpretation]

Has Mr. Boulanger a résumé for the Committee?

**Mr. Boulanger:** I do not have a résumé of the brief we presented; however I do have some notes I would like to read to you before I begin, if you don't mind.

**The Chairman:** Fine Mr. Boulanger.

**Mr. Boulanger:** Mr. Chairman and members of the Committee, as President of the *Graphic Arts Industries Association* I would like to thank you for the opportunity you have given us of appearing before you.

Gentlemen, our brief is already before you and I would like to point out some of the reasons which cause us concern and why we are seeking assurance that nothing in the new legislation will make it easier to practice

dumping than is the case at the present time, or to practice it more extensively.

I would also like to confirm as indicated in the letter accompanying our memorandum that the *Canadian Paper Box Manufacturers Association* and the *Quebec Society of Paper Box Manufacturers*, this first group is represented here this afternoon, gives us unqualified support.

The same applies to the *Canadian Paper Trade Association* which represents the paper trade.

A copy of the letter which we have received from this Association confirms their endorsement and will be given to you for your records.

[English]

• 1550

The Canadian Book Publishers Council through its President, Mr. Marsh Jeanneret, Director of the University of Toronto Press, has notified us that it wishes to endorse our submission fully.

This endorsement is given on the assumption that nothing in the proposed Canadian legislation or regulations would preclude eventual Canadian ratification of the Florence Agreement at an appropriate time when it may be in the Canadian interest to ratify that agreement.

In the opinion of the Council and of this Association the time for such ratification would not be appropriate until Canada is relieved of the non-tariff barrier to trade maintained by the manufacturing clause of the United States copyright law.

The Canadian Lithographers Association consisting of some 50 companies primarily engaged in printing by the lithographic process shares our concern with respect to any dumping of imported printed matter.

Domestic printing, publishing and allied industries comprise one of the largest manufacturing groups in Canada, with plants in all ten provinces. We believe they employ more skilled and creative Canadians than any other manufacturing industry. You will find the principal statistics for the domestic industry in Appendix A of our brief.

Appendix B presents the recorded statistical information regarding printed imports in 1966 and 1967, a) from all countries and b) from the United States. The footnote explains that the recorded volume of imports in 1968 is expected to exceed \$200 million. However,



because a very large volume cannot be recorded statistically the actual total may well be nearer \$400 million.

Even if we ignore the immense volume which is never recorded statistically the \$200 million level is higher than the volume of imports recorded by any other country, than by the United States, which has ten times our population, and which is the source of most of Canada's printed imports and which is our most serious competitor.

[Interpretation]

It is interesting to note that the Canadian imports from the United States are not limited to English language printed matter. A great and increasing volume of French printed matter, mostly educational, is now invading the publishing markets of Quebec and New Brunswick.

[English]

For purposes of comparison to help you visualize the scale and significance of our printed imports, I might mention that in 1967 the total Canadian imports of food, beverages and tobacco were \$861 million according to the Dominion Bureau of Statistics. The printing industry is contending with imports worth very nearly half as much and more.

Total Canadian imports in 1967 of all personal and household goods amounted to \$417 million, while the total volume of imported furniture and fixtures was only \$33 million. Thus actually and relatively you can see that our import problem is large and that it is serious in relation to the whole economy. Our own exports by contrast are negligible, not having reached \$15 million annually according to the Dominion Bureau of Statistics figures.

Now, Mr. Chairman, there is no question that a lot of our printed import is undervalued. It is dumping in the commercial sense whether or not it is so classified officially. Therefore it is unfair competition.

Since the government does not publish details of cases of dumping there are no statistics to specify. However, a year ago a senior officer of the Department of National Revenue told our General Manager that it would be fair to say that dumping of printed matter is a daily occurrence. In view of the immense volume of printed matter which pours into Canada every day through every port of entry, we can believe that dumping is a daily if not hourly occurrence.

• 1555

How are Canadian customs officials, who are dealing with goods of all kinds which must be cleared to make way for more goods, to know whether or not the declared value of a particular shipment is correct or not?

Normally the goods will be assessed for duty and taxed on the basis of the declared value and they will be in the marketplaces from coast to coast very quickly.

When a glaring example of dumping comes to the attention of somebody in industry or in government it may be that eventually anti-dumping duty will be applied. The process is slow, especially as the Department of National Revenue is expected to establish fair market value in the place of origin, whether it be New York or Los Angeles or Tokyo or somewhere else.

Meanwhile the cumulative effect of undervalued imports coming on top of a massive volume of normal imports are bound to be very damaging to the Canadian industry.

With changes in our society during recent years it has been plainly recognized by the government, by the business community and by all students of the Canadian economy, that more employment must be found in the manufacturing and services industry if we are going to provide for a rapidly growing urban population.

This will not be easy if there is any relaxation of our present anti-dumping procedure which is far from being ideal.

To conclude my remarks perhaps I should observe that there frequently are suggestions to the effect that anti-dumping measures are protectionist in the narrow negative sense, as if those who support such measures were advocates of high tariffs and afraid of competition.

So far as we are concerned in the printing industry we have always lived with tough competition and we get more of it than the printers of any other country. What motivates us in any discussion of dumping is the legitimate and reasonable concern to see that we are not subjected to more serious inroads by unfair competition. We will live with fair competition even if it is massive. But we hope and expect that our government will use its powers to check and to penalize dumping of undervalued goods.

[Interpretation]

Mr. Chairman, I thank you and the members of your Committee, and we are ready to answer any of your questions.

[English]

**The Chairman:** Thank you, Mr. Boulanger. Now, Mr. Arthur, are you ready to make any comments on either the brief or the remarks made by Mr. Boulanger for his Association? I understand the brief deals with clause 9 and material injury.

**Mr. C. D. Arthur (International Economics Relations Division, Department of Finance):** Mr. Chairman, the first matter raised in the brief I believe is the one relating to the provisions of paragraph 3(2) of the proposed draft regulations. These regulations relate to clause 9 of the proposed Bill which provides for the establishment of normal value of like goods, "like" meaning identical, that are sold at arm's length and in the ordinary course of trade in the country of export at approximately the same time as the goods imported into Canada.

Subclause (9) of clause 9 provides for detailed adjustments for differences in the terms and conditions of sale, taxation and other differences. Its purpose is to arrive at price comparability in the country of export in relation to the status of the importer in Canada. Subparagraph (2) of paragraph 3 of the regulations relates to a specific quantity of sales when those quantities are less than are sold in the home market of the exporter. I believe the point raised by the Association is that the proposed regulation does not specify the method to be used in determining what adjustment should be made because of the smaller quantity.

• 1600

I think, Mr. Chairman, it would be useful to look at paragraph 3(2) of the regulations which states:

...where the quantity of the goods sold to the importer in Canada was smaller than the smallest quantity of goods used in computing the normal value of the goods, the said normal value of the goods, as otherwise determined, shall be increased by an allowance to an amount which, in the opinion of the Deputy Minister, reflects the price for which such smaller quantity would be sold for home consumption.

While no specific method of computing this difference has been set out it is left here to the discretion of the Deputy Minister, and I assume that he would take into account the quantity discount schedule applying for those particular goods.

**The Chairman:** Are those your comments for the time being? Does any member of the delegation care to comment on that?

**Mr. Boulanger:** Before I make any comments on that may I say that I understand fully the problem on the assessor in the port of entry in establishing the value of every different production. I am not going to be bogged down in the same thing so I will ask Mr. Buchanan, our consultant, to answer that question.

**Mr. W. W. Buchanan (Consultant, Graphic Arts Industries Association):** Mr. Arthur we are not so much concerned here with what would normally be thought of in the trade as quantity discounts.

In the printing industry the problem for a particular run of printing is usually a cut, and it is not usually a question of having a series of discounts for different volumes of goods. I may go into a print shop and make an arrangement for wrappers for Palmolive soap or labels for bottles of whiskey. In the United States, if I am Colgate-Palmolive Pete, I probably need 200 million wrappers or something in that order. If I am the Canadian subsidiary I might need 15 million. It is obvious, I am sure, to everyone here that it is very much cheaper to manufacture 115 million wrappers for Palmolive soap, or indeed to make 100 million than it is to make 15 million.

We are concerned that the normal value should reflect what it would cost a consumer in the United States if he were to buy not 100 million but 15 million wrappers. As we understand the legislation, we believe that the Deputy Minister could take this into account, and indeed, would take it into account.

We put this story the way we did in the brief simply to give this Committee a chance to confirm or to deny our interpretation of the Bill and the proposed regulations as we understand them. Quite specifically we believe that the Deputy Minister could say the cost of producing the Palmolive soap wrappers I am speaking of is the selling price at which the United States company bought them plus 30 per cent, which is roughly what he does today.

If that is so, if we properly understand the legislation and that is its import, then we are moderately satisfied. In other words we are not going backwards.



**Mr. Arthur:** Mr. Chairman, I would say that understanding is correct, that the provisions of clause 9 in the establishment of normal value in the country of export provides under subclause (d) for taking into account the differences in the terms and conditions of sale and so forth. I suggest these provisions of clause 9 would allow that difference in quantity or volume to be taken into account by the Deputy Minister of National Revenue in determining normal value.

• 1605

I might say, Mr. Chairman, that the regulation to which I referred has been placed for that purpose, recognizing that there may well be sales to Canada that are smaller in volumes or quantities than in the home market of the exporter.

**Mr. Buchanan:** I think, Mr. Arthur, this is a problem which is peculiarly acute in our industry. We appreciate that in a great many other industries normal purchase in the United States might be larger than in Canada. However in the case of a print run it is not only likely to be larger, but it is likely to be larger by a factor of 15 to 1. As I say, the Deputy Minister hitherto has taken that into account and we were very pleased to see the Bill and the regulations because as we construe them they would permit him to continue to do so.

**Mr. Arthur:** That is correct.

**The Chairman:** Are there any other comments from the Association delegation? Has Mr. Hind any comments to make on the brief?

**Mr. A. R. Hind (Assistant Deputy Minister, Department of National Revenue (Customs and Excise)):** No sir, we have nothing to say at this point. We agree with the answer given by Mr. Arthur.

**The Chairman:** Thank you, Mr. Hind. Are there any questions gentlemen, on clauses 3 or 9, or the brief presented by the Association?

**Mr. Trudel:** Mr. Chairman, I would like to ask a question of Mr. Buchanan. You have used examples, both regarding labels I understand, and from the information you have given to the Committee I gather that the overrun printing in the United States could be used in Canada. Am I correct in assuming that for the two examples you gave this is not

so? You cannot use the original printing in that form because it is not acceptable in Canada?

**Mr. Buchanan:** I understand this is feasible with very minor changes in the plates. However, I think that question would be better answered by some other member of the delegation who is more familiar with printing than I am.

**Mr. David Maclellan (General Manager, Graphic Arts Industries Association):** Mr. Chairman I am not altogether sure of the point that the gentleman is making, but we have a tremendous volume of material coming in from the United States which is usable here. I have in front of me a reminder of a case a year ago where 200,000 circulars in single sheets were imported into Winnipeg by the Canadian subsidiary of a United States organization.

The Department of National Revenue held up this shipment because of marking regulations—there was no imprint—with the result that a Winnipeg printer was called in to imprint every sheet with “Printed in U.S.A.”. The importer complained about the cost and it became more understandable when we found he had apparently paid nothing as this came from the parent company, and there may have been no sale involved.

However, this type of thing is commonplace. We drew it to the attention of the Department and then found to our surprise that they had great difficulty tracing the shipment, although they had held it up because of marking regulations. We brought it to the attention of the Department because we had reason to question the possibility of dumping, or certainly of undervaluation. Of course we are not told what is the conclusion.

There are many other instances. You might pick something like Lifesaver wrappers. You can imagine that at this moment there are millions of these on sale across Canada in every confectionery store, every hotel newsstand and so on, in many different colours. As it happens these are sometimes printed in Canada and sometimes in the United States. For the Canadian run they have only to add the words “Printed in U.S.A.” which are not noticeable to most people, and they ship these into Canada. This must be done at a fraction of what the cost would be to produce the Canadian requirement in this country. I could cite many other examples but perhaps these will serve.



• 1610

**Mr. Buchanan:** If labels became more commonly bilingual we would have less trouble.

**Mr. Trudel:** I asked the question, Mr. Chairman, because both the examples put forth related to labels. Now you are speaking of circulars which is in an entirely different field. If you are labelling food, as you can well understand, the labelling has to be different and it has to be another run.

**Mr. Maclellan:** It touches the whole range sir. You can imagine books of all kinds; the periodicals we read, regardless of valuation; advertising material for companies doing business in both countries. The same might apply to an English, or French, or German company, but it is most obvious in the case of the United States because the same products are advertised and sold in both countries. Here, of course, we run up against the purchasing policies of some of these companies. I might cite Imperial Oil as an example of a company which is controlled in the United States but whose policy is to buy everything possible in Canada, to Canadianize their operation. However, another American company may take everything from its parent and we might lose everything, and there are all kinds of companies in between.

**Mr. Buchanan:** On this point, it is fair to say there are some things printed in the United States that would not be suited for this market, and to that extent we are not in too serious trouble. However, there are a great many things which are perfectly suitable to supply the Canadian market from an overrun of the United States printing; sometimes with no changes and sometimes with minor changes.

**Mr. Trudel:** This is the reason I raised the question, thank you.

**Mr. Perrault:** Mr. Chairman, the graphic arts industries in this country have made great progress in the past ten or fifteen years. I have had an indirect connection through advertising with these industries and some great advances have been made. I realize that the printing and allied trades are in an extremely competitive business now, and the margins are very narrow for some companies. I notice that the growth in the number of establishments between 1962 and 1966 really has been quite small compared to the growth in some other industries.

Have there been many bankruptcies or mergers in the industry during that period of time? I am interested, Mr. Chairman, in any special difficulties which may have arisen in the past ten years in this industry. Do you detect, for example, new trends developing in the United States which pose a special challenge to the industry in Canada? Are there special or new trends developing which should be brought to the attention of the Committee? Are United States companies posing a more difficult challenge now than they did, perhaps, five years ago, and if so, in which direction?

**Mr. Maclellan:** Mr. Perrault, the American companies, of course, are taking a constantly increasing part in our economy and we are all aware of this. Nearly everyone of them must use printing in one way or another.

First in answer to your initial question about bankruptcies, there have been quite a few in the past month. In the course of a year, just using rough figures, there would be something like 175 or 200 companies out of over 3,000 which would either go out of business or merge or be sold. However, a similar number might start up so you will find over the years we are discussing that there has been very little change in the total number of companies. However, there is quite a turnover.

**Mr. Perrault:** There have been some difficulties?

**Mr. Maclellan:** Yes. In five years something close to 900 or 1,000 companies would disappear. Most of these are small, although occasionally there is a bigger one that falls by the wayside. Two companies, to my knowledge, have gone bankrupt in Montreal within the last month.

There have been great changes technologically, and in merchandising, and these are bound to affect printers.

**Mr. Perreault:** In that connection, Mr. Chairman, can you tell me where most of the equipment is purchased for the graphic arts industries now?

**Mr. Maclellan:** We buy most of our equipment from our main competitor, the United States; some comes from Europe and very little from Japan. Most of it comes from the United States.

**Mr. Perrault:** What kind of duty would you pay?

• 1615

**Mr. Maclellan:** Presses for newspapers and magazines, and curiously enough telephone directories, used to come in duty free. As of July 1 the duty has been removed from all presses above a certain size. The sheet size or image size happens to be 17 by 22 inches. Smaller presses of the duplicator size are still dutiable at 10 per cent. For other equipment, composing room equipment, there are variations, and if my memory serves me correctly, duty might range to over 20 per cent. This recent removal of duty was a result of representations to the Tariff Board and the Department of Finance and the GATT became involved in it also. However, the problem had been, and with regard to other equipment still is, that we are buying largely from the United States, and we are cutting our own throats by increasing the capital costs or financing costs. This is a serious problem.

The Americans are coming into this country more and more, particularly through ownership of Canadian operations. Then the purchasing practices of these companies become a real problem, especially if the subsidiary takes from the parent and there is no sale involved, or perhaps a nominal valuation.

**Mr. Perrault:** Do you mean the literature prepared for the parent company and then distributed in Canada?

**Mr. Maclellan:** Yes.

**Mr. Perrault:** Do you mean, for instance, automobile companies or publishing companies?

**Mr. Maclellan:** It might be advertising literature, or forms for internal company use, or ratebooks, or price lists. There are all sorts of things these companies use.

**Mr. Perrault:** Mr. Chairman, our witnesses have referred to the fact that one of their difficulties arises from their not having the economies which result from long production runs. Is the industry investigating the possibility of doing printing in Canada for the entire North American market for certain lines or products. This is working successfully, is it not, in the automobile industry from a production standpoint?

**Mr. Maclellan:** We have talked about this but you can imagine, Mr. Perrault, that this means talking to thousands and thousands of companies. This is a long-term proposition.

A couple of years ago one member of our board of directors went after a large United States company which happened to be a supplier to our industry, and he said: Look here, if we cannot get the printing of the Canadian requirements for your company, how about giving us a North American run once in a while.

**Mr. Perrault:** That would seem logical.

**Mr. Maclellan:** Well, this company did react to the extent that shortly after for the first time a North American run was done in Canada. However, to the best of my knowledge this has not been repeated. That company is a very difficult one that wants to centralize everything in its head office. There are many others like that.

**Mr. Perrault:** It would seem to be at least one of the ways to improve the competitive position of the industry, which is what we would like to encourage.

**Mr. Buchanan:** Mr. Perrault there is a problem, and it is the manufacturing clause in the copyright law of the United States. I do not know whether you are familiar with it, but copyright material which is printed outside the United States in the English language and distributed in excess of 1500 copies loses its copyright. Most people are not very anxious to lose copyright even in their advertising literature. The consequence is that as long as the manufacturing clause is in the United States copyright law we are going to be at a very serious disadvantage in seeking to do printing for the United States market along with our own.

**Mr. Perrault:** They would have to obtain a Canadian copyright on this material?

**Mr. Buchanan:** That would not help us in the United States. The United States copyright is lost, there is no owner of the United States copyright and anyone else in the United States may freely copy. This is, of course, something that owners of copyright are not very anxious to have happen.

**Mr. Maclellan:** If I might clarify that the manufacturing clause in the United States copyright law says that any material under American copyright, written by an American citizen or a person domiciled in the United States, to be distributed in the United States must be printed there. This prevents us from soliciting the printing of companies in the United States because most of them want to



keep their material under copyright, whether it is a book or advertising literature or a periodical.

So here we have a powerful trade barrier, and I think perhaps it should be pointed out for the record that this is not the only problem with the United States. We have been working in Washington to get relief from this, so we are hopeful in that respect.

• 1620

The United States last year implemented the Florence Agreement which has to do with promoting the free flow of educational, scientific and cultural materials amongst different countries. This means removing tariffs on books and other material of that nature. The Americans implemented this and they want us to do the same. However, in doing so they specifically kept the manufacturing clause of the United States copyright law. So it is not as free a picture as it appears on the surface.

Also in implementing the Florence Agreement the Americans had a protocol written in which enables them to maintain protection against imports whether dumped or not. This protocol points out that as a result of adhering to the Florence Agreement if there are imports in such relatively increased quantities, and under such conditions as to cause or threaten serious injury to the domestic industry, then the country in question—it means the United States—can suspend in whole or in part, any obligation under this agreement with respect to such products. This is mainly printed material.

**Mr. Perrault:** In effect, you will have that same reserve under the proposed Bill.

**Mr. MacLellan:** While we are so concerned with the United States, we are anxious not to give away any more until we know what they are going to do. They have free play in our market, but we do not have free play in their market.

**The Chairman:** Mr. Curry, if you would like to comment would you please come to the head table?

**Mr. W. E. Curry (Vice-President, W. J. Gage Ltd.):** There are a couple of things I would like to say to help further the hon. gentlemen's questions or clarify them as far as the United States is concerned.

I believe the growth of the U.S. printing industry in two years was greater than the

entire employment in Canada, both in numbers of people and in dollars. You raised the point that you saw very little growth in Canadian industry. This is correct. Canadian industry is relatively stagnant whereas U.S. industry has been booming. The reason, of course, is not hard to discover if you can have a tremendously favourable balance of payments in favour of the United States with very few imports coming from Canada.

One other point we might make is that Canadian industry and labour have been co-operating on a program in an attempt to get the manufacturing clause removed in the United States. We have spent \$20,000 or \$30,000 in organized efforts to educate and to persuade. We have a consultant in Washington working with us in trying to get the manufacturing clause eliminated so we can do what you have suggested, make it a two-way trade.

However, the printing industry in Canada has been working under very serious handicaps of tremendous imports without the same rights of going back into the U.S. market.

**Mr. Perrault:** Are you making any progress in Washington on this matter? Do you foresee any progress?

**Mr. Curry:** Yes, we do. In the last year and a half we have accomplished a fair amount. In fact, we now have what we call the Toronto Agreement where U.S. industry and labour—all industry affected and all labour unions affected—joined with Canadian industry and labour to sign an agreement which says that if they will support the Florence Agreement in Canada we will support the elimination of the manufacturing clause in the United States.

This was a bit of a milestone because there had been a fair amount of opposition in the United States to giving anything to Canada. When it comes to trade they are a little bit hard to move.

So, in the last two years, I would say the atmosphere for getting any action has been good. Unfortunately, they would not delay the U.S. elections, so we did not accomplish what we hoped to during this session. There is no single U.S. group in industry or labour opposed to the elimination of the manufacturing clause as far as Canada is concerned. To this degree, we have made some progress.

**Mr. Perrault:** It is heartening to hear this.

**Mr. Curry:** However, the imbalance is still very, very serious.



• 1625

**Mr. Maclellan:** I might also mention, Mr. Perrault, in connection with your remarks, that part of the boom in the United States is the expenditure of millions of dollars by government in the educational field and this is very largely reflected in the increased production of books of all kinds for schools and universities. There has been a boom in this respect in the last few years and I think Mr. Curry will bear me out on that.

**Mr. Perrault:** Mr. Chairman, I have one final question. There are many, many American textbooks prescribed for Canadian schools. Together with many other members I know I would like to see far more textbooks produced in Canada and written by Canadian authors. What kind of challenge does that pose from your production standpoint? Many school districts have a great number of American texts. Are most of these texts printed in the United States or are they printed on Canadian presses from modified U.S. plates?

**Mr. Maclellan:** This is a mixed picture and I think Mr. Curry could answer this question better as he is in this business.

**Mr. Curry:** It is a very difficult question to answer in a couple of words. It is quite true that a tremendous amount of textbooks are coming in from the United States, particularly for use in the high schools and in universities where the volume of usage is such that the runs do not justify the Canadian editorial content and the Canadian printing.

However, in Ontario the regulations are such that textbooks in use in high schools and public schools must be written by Canadians and printed in Canada. Considerable progress has been made in the past four or five years to develop a Canadian textbook industry built around this regulation of Circular 14 of the Province of Ontario.

However, the big problem is the cost of editorial work and, again, the cost of printing spread over a small market which makes these textbooks pretty expensive. The textbook business is not as profitable a business as it used to be because of the enormous investment needed in editorial work for small runs.

Again, we have the problem in Canada of small runs with high initial expense spread over a small quantity of books, but progress has been made in this direction.

**Mr. Perrault:** I was very interested to hear that. It would be helpful to the industry, I suppose, to have Canadian texts produced which could be used on a more widespread basis from coast to coast and which would enable the longer production runs?

**Mr. Maclellan:** Provincial autonomy in education makes this tough.

**Mr. Curry:** We need a co-ordinating agency for that purpose.

**Mr. Trudel:** Mr. Chairman, I would like to direct my question to Mr. Curry which deals with Mr. Perrault's line of questioning regarding textbooks and schoolbooks that are being circulated in Canada at the present time. We now find that American interests are buying into Canada and have recently purchased a very large textbook printing concern in Montreal. They are going to reverse the table, from what I gather, and are going to start printing here and exporting from Canada to other countries.

Do you feel that this is contrary to what you mentioned? You have been trying to establish a market and now they have come into our market and are starting to print here for distribution from Canada either to English or French countries.

**Mr. Curry:** The trend in educational publishing is toward larger and larger units. Raytheon has bought out a publishing house; General Electric and Time have bought out a publishing house; Xerox have bought out several publishing houses and I.B.M. have bought out a publishing house. I could continue down the list.

The movement is toward larger and larger units because of the high expense in developing educational material, not only in textbooks, but in film strips, records and everything that today goes along with the educational package. This is making it harder for Canadian companies to maintain an independent Canadian identity.

The trend towards the Americanization of the educational business through these mergers and purchases is certainly one that should be watched because it is hard to avoid when you consider the cost of developing some of these programs. I do not know if that will help you in your thinking.

**Mr. Trudel:** Fine, that has answered my question. Thank you.

• 1630

**Mr. Maclellan:** Mr. Chairman, there is a good deal of educational material, whether it is on the curriculum of a given institution or not, coming in from the United States in the French language, such as the Books of Knowledge and many other books.

**Mr. Danson:** It would appear on the surface of the thing that what is considered dumping in other industries seems to be almost a way of life in the graphic arts industry. It is astounding to see that we are the largest importers of printed matter in absolute terms in the world. What percentage of your figures would be for periodicals?

**Mr. Maclellan:** I think the statistics, Mr. Danson, attached to our brief will give you some indication. However, may I point out that these statistics do not include periodicals coming through the mail.

**Mr. Danson:** That is what I was interested in. Those would be in addition to the D.B.S. figures?

Then, we have the question of educational publications which has just been covered and which is a particular subject on its own, I would think. Is the big problem that you face the one of labels, packaging and advertising, particularly the over-runs on promotional literature and things of that nature? Is this where your greatest problem is today in so far as dumping is concerned?

**Mr. Buchanan:** I do not think there is any doubt but that the answer to that is, yes.

You see, when you get into the area of books and so on the relief from dumping which we get by way of Ministerial discretion in raising the fair market value or the normal market value as it will be in the new legislation, probably does not apply. Most books would be sold in representative quantities to any one of perhaps two or three dozen or fifty or sixty agencies in the United States and the value for duty or the normal value would probably reflect that kind of a price, notwithstanding the fact, of course, that the production run is enormous.

It is when you get into labels and advertising circulars and things of that sort that we have had in the past some measure of protection by way of adjustments in price and which we would expect to have in the future. It would not apply to anything like the same degree as with the textbooks and things of that sort, but I would expect—officials of the

Department of National Revenue who are present can correct me if I am wrong—in most of those situations the value for duty would reflect the normal selling price in the United States.

**Mr. Danson:** Has there been an increase or a decrease in the percentage of printing for Canadian purposes over the past years, bearing in mind the technology, our own expanding domestic market, perhaps the increase in bilingualism and even, perhaps, good corporate behaviour? In other words, are we getting a higher percentage?

**Mr. Maclellan:** Of the market?

**Mr. Danson:** Yes.

**Mr. Maclellan:** I would not think that our percentage of the market is improving. The increases in imports are fairly dramatic, but another factor in this situation which you did not mention, Mr. Danson, is the question of new uses for printing.

As you know, of course, packaging has grown tremendously since the war and new uses for printing and growth of population have been our salvation. However, more and more we find our growth potential being tapped by our foreign competitors, particularly, the United States. We now have the Japanese showing quite a bit more interest in our market. It is not, as yet, very significant, but they are interested in our market.

**Mr. Danson:** So much of this deals with our existing tariff structure and I recognize the serious problems here having been in a business where you represent American companies and use a very small quantity of literature which you just automatically bring over from the United States, England or wherever it may be. The tariffs on them, if properly applied, are fairly stiff. Are you satisfied with the present tariff structure as opposed to the dumping regulations?

• 1635

**Mr. Maclellan:** Perhaps there would be some, sir who would not be altogether happy, but the fact is that we are living with the present tariff structure under which a tremendous amount of the imports come in duty free and tax free. However, we are living with it, but we would not want to see any further relaxation of tariffs, certainly not before we get some reciprocity from the United States.



**Mr. Danson:** I have just had an interesting thought which really is far beyond the scope of this Committee. Under the Automotive Agreement, I would not think that the printing and advertising of the automotive companies would come under that Agreement in any way. I am talking about the parts for the vehicles themselves. It would be a very interesting thing if, concurrent with this type of an agreement when a specific industry is involved and where it can be particularly related, something such as the advertising promotion could be tied in. This is the only industry which has this type of an arrangement at present and it appears to have been very successful. Has there been any initiative in this way to include such things in the Automotive Agreement?

**Mr. Maclellan:** We do know some loss, here, Mr. Danson. For instance, the owner's manual which you find on the dashboard of a new car...

**Mr. Danson:** ...and never look at.

**Mr. Maclellan:** ...is treated as a part of the car and I believe it has a part number. When these cars come in from the United States the manuals may come in duty free as a part of a car whereas if they came in as a shipment of printed matter, they would be dutiable. We have had complaints from some people supplying this market that there has been a loss of business since the auto pact came into force.

I do know of one company that did get the job of printing an advertising brochure for an automotive company for shipment to the United States. This, of course, is in a different category.

One of our directors is very interested in this type of business. He has written to one if not two of the large automotive companies urging that Canadian companies be given an opportunity to do North American runs. This, of course, happened fairly recently and it remains to be seen whether or not it is going to mean anything.

**Mr. Danson:** But you would have to compete with the existing U.S. tariff on printing, in that case. It would not come under the Automotive Agreement.

**Mr. Maclellan:** Not unless it went in as part of the car.

**Mr. Buchanan:** It definitely would not, if it were an instruction manual.

**Mr. Danson:** In that case, yes. That is very interesting.

I have only one more comment. You mentioned the increase in printing because of governments' requirements. In my short experience here I have found a great deal of dumping on my desk every morning. There are tons of the stuff.

**Mr. Maclellan:** We would like to have another day for a hearing on that subject, sir.

**The Chairman:** Do you have a supplementary question, Mr. Hales?

**Mr. Hales:** Yes, I have a supplementary to Mr. Danson's. I was very interested in Mr. Maclellan's observation that the owner's handbook was considered part of the car. It is hard for me to believe that a ruling would have been accepted or received by any official of our government in Canada that would label or say that an owner's manual printing job was part of a car.

I would like to hear if the Canadian firm who previously was printing this manual in Canada—I presume at one time they did—and who lost this printing business when it started coming in from the United States head office with the car, raised an objection with the officials.

**Mr. Maclellan:** This was taken up, Mr. Hales, as I mentioned earlier, with the companies concerned by one of directors, but I understand the attitude was that a car cannot really be taken care of without the manual. It is a must and it is treated as a part of the car. There are, perhaps, gentlemen in the room who could give further clarification regarding the official interpretation.

**Mr. Hales:** I do not think I am prepared to accept that a manual is part of a car at this stage of the operation. I would like to have some further word on this.

**Mr. Maclellan:** I agree with you, Mr. Hales. Since the officials from the Department of National Revenue are here, perhaps they could clarify this.

● 1640

**Mr. Hales:** I would like to know who made the official ruling that a manual is part of a car. If the people are in this room I would like to hear from them.

**Mr. Buchanan:** It is conceivable we have been misinformed, of course.



**Mr. Hind:** Mr. Chairman, if we are talking about a car coming into Canada with the manual in it—I do not think we are—but if we are, I would not expect a customs officer to withdraw the manual from the glove compartment and classify it separately. I would expect, therefore, that the car together with what was in the car would come in duty free under the Automotive Agreement.

On the other hand—I think perhaps Mr. Maclellan had this in mind—if he was speaking of manuals coming in in bulk for use in Canadian-made cars, I must say that I do not know if we have ever regarded such a thing as a part. I would have to say, though, that I believe the tariff item involved provides for the duty-free entry not only of parts but for accessories, attachments and so on. It may well be, if these manuals are coming in duty free under the Automotive Agreement, that they have been regarded as accessories to the car rather than parts of the vehicle.

**Mr. Maclellan:** You are quite right, Mr. Hind, I was talking about manuals coming in with the cars. I think I mentioned if they were coming in separately they would be classified as printed matter.

**Mr. Hind:** Yes.

**Mr. Hales:** May I pursue that a little further? For instance, all the Falcon cars for the Ford organization are made in St. Thomas for the whole of the North American market. Those Falcons are supplied with manuals before they leave Canada and are shipped into the United States. Are these manuals printed in the United States, brought in duty free in bulk, classified as car parts, put in the glove compartment and sent back with the Falcon, say, to any place in the North American market?

**Mr. Maclellan:** It would be impossible, sir, for me to answer for the makers of Falcon cars.

**Mr. Hales:** Yes, but possibly Mr. Hind would like to rule on that?

**Mr. Perrault:** I want to ask a supplementary along that same line. If there is free trade in automotive products and accessories, then surely there should be free trade in the matter of the accessory known as the manual of instruction.

I wonder if anyone in the room, whether from the Graphic Arts Industries Association or from the Department of National Revenue, could inform us, if, in fact, the manuals are

produced in Canada as part of our participation in this Automotive Agreement? I think it is a rather significant question and additionally so, in view of the fact that we are talking about getting longer production runs for Canadian printed material.

**Mr. Maclellan:** The manuals have been produced in Canada for these cars. However, as to what...

**Mr. Perrault:** Are they still being produced in Canada?

**Mr. Maclellan:** I believe they are still being produced, but as I said in the beginning, I believe there has been some loss.

**Mr. Perrault:** I would certainly object...

**Mr. Maclellan:** Mr. White has reminded me that we have had one complaint about this.

**Mr. Perrault:** Mr. Chairman, I would certainly object to any process which involves the shipping in of thousands of copies of United States manuals as you, sir, have stated without any duty being levied on them and putting them in the cars to be sent back to the United States market. I think if that condition exists we should correct it.

**Mr. Hind:** Mr. Chairman, in answer to that question, even if we were required under the law to collect duties initially on the imported manual, the fact that the manual later goes out of Canada in the car would enable the importer to recover 99 per cent of the duty that he had paid.

**The Chairman:** Did you hear Mr. Hind's reply?

**Mr. Perrault:** Yes, I did. I certainly think it is a flaw in the Automotive Agreement. However, if the situation exists, particularly when our graphic arts industries is facing these difficulties, I think it is rather worth pursuing as a matter of further study by this Committee.

**The Chairman:** Not for the time being, I hope, Mr. Perrault, because we are dealing with anti-dumping.

**Mr. Perrault:** I know, but this relates to it.

**The Chairman:** Anti-dumping does not relate to the Automotive Agreement.

**Mr. Perrault:** But, Mr. Chairman, this relates to whether or not this industry is being damaged. It is a form of dumping, I should think.

• 1645

**Mr. Hales:** Are we then to assume that car manuals printed in the United States are coming into Canada in large quantities, duty free, because they are looked upon as accessories or parts of cars? Is the answer to that question, yes?

**The Chairman:** I will ask Mr. Hind to reply to that question. I cannot.

**Mr. Hind:** I am sorry, Mr. Chairman, but at the moment I cannot give a definitive answer to that. I will undertake to get on the telephone immediately, find out and report back to the Committee.

**The Chairman:** Thank you.

**Mr. Hales:** My other question, then, would be to the Graphic Arts Industries Association. Mr. Maclellan, has your industry made a complaint on this specific kind of importation?

**Mr. Maclellan:** I do not have the letter here, sir, but one of our directors specifically complained to one, if not two, of the large automotive companies and urged that Canadian printers be given their fair share. I cannot quote the letter from memory and I do not have it with me but this whole discussion has stemmed from the fact that I mentioned the one complaint. I would not like to blow up a larger picture than necessary.

**Mr. Hales:** Do you know whether the printer registered a complaint with the administrators of the Act in Ottawa?

**Mr. Maclellan:** I would assume there is some awareness. This was discussed with the Printing and Publishing Division of the Department of Industry which is represented here by its Chief this afternoon. I do not know whether he would be allowed to speak or not, but he would know more about it than I would.

**The Chairman:** Mr. Blair, do you have a supplementary question?

**Mr. Blair:** On this question of the automotive manuals, perhaps Mr. Buchanan or one of his colleagues could tell us whether they, too, would be caught by the copyright provision of the United States law?

**Mr. Buchanan:** I think we would be. In the normal course of events I would expect the automotive manual to have been prepared by citizens or residents of the United States.

**Mr. Maclellan:** The only difficulty there, sir, would be that the owner's manual for a Chevrolet car would not be of much use to a Ford owner.

**Mr. Buchanan:** I would not think infringement would be a matter that anybody would be too concerned about in this particular case.

I wonder, Mr. Hind, if these manuals would be subject to duty as such, aside from the Automotive Agreement altogether?

**Mr. Hind:** Mr. Chairman, I do believe they would attract duty otherwise.

**The Chairman:** Mr. Trudel has a supplementary. I am sorry, Mr. Danson, if we have cut into your line of questioning, but there have been a few supplementaries.

**Mr. Trudel:** My question relates to the opinion or question that was put forth by Mr. Danson previously. We have heard Mr. Buchanan, Mr. Curry and the other gentlemen describe the graphic arts industry very well, but it seems to me they have put forth the opinion that we are removing from the existing law a protection that will not be found in the new law. Is this correct? Either Mr. Buchanan or one of the other gentlemen could answer that one.

**Mr. Buchanan:** I think we said that as we construe the draft Bill and the draft Regulations, we are reasonably satisfied. We do not feel in so far as the Bill and the Regulations are concerned that we are seriously prejudiced by comparison with the existing legislation.

We have not yet touched on the crucial matter of how dump is to be applied and we do have some opinions about that. They necessarily relate to matters of administration rather than matters of legislation. It is much easier to tolerate the devil you know than the devil you do not know. We do have some concern as to how this new method of assessing dumping duty is going to work out as a matter of administration.

• 1650

We foresee a need, for example, for rather more expeditious determination of dump than was our experience in the past or was even very important in the past for reasons which anyone will understand who has read the legislation. It is in this area that we are principally apprehensive. As regards the legislation, we have said and are prepared to repeat



it here, we are reasonably happy with it, but we are somewhat apprehensive about its administration.

[Interpretation]

**The Chairman:** I am very sorry Mr. Trudel, your supplementary question was not quite pertinent to the matter discussed by Mr. Hales.

**Mr. Trudel:** It is a question previously raised by Mr. Danson, Mr. Chairman.

[English]

I have one more question which I hope will be found to be in order, Mr. Chairman.

Is there any part of the existing law that you would like to see, Mr. Buchanan—this is a hypothetical question—carried directly into this law as it would relate to the graphic arts in general?

**Mr. Buchanan:** Mr. Trudel we have set out in our brief what we deem to be a proper interpretation of the Bill and the proposed regulations. If our interpretation is correct then the answer is that we are satisfied.

**The Chairman:** Had you finished, Mr. Danson? I am very sorry that again I cut your line of questioning.

**Mr. Danson:** No, no. I was just going to say that as interesting and important as the question of manuals in automobiles is it was not really my concern. I think Mr. Trudel has asked my other question about the real problems that concern the people here today with the anti-dumping legislation. I think this is pretty much the question you have asked, is it not Mr. Trudel?

**Mr. Blair:** It may be that the Association made this point before I came in, but I am interested in finding out what the present scales of duty are on different types of printed material imported into Canada.

**Mr. Maclellan:** Perhaps I might answer the question, Mr. Chairman? I think it is fair to say that apart from fiction most books enter duty free. Works of fiction are normally subject to a duty of 10 per cent. As to general commercial printing and advertising matter, the old Tariff Item 178 applies a duty of not more than 25 per cent. I think 25 per cent is the rate. This would apply to the general run of advertising literature, catalogues and general commercial printing.

There are other tariff items for certain things such as bank notes, blank forms and so

on. The rate was, I think, 22½ per cent and it was reduced under the GATT by 2½ per cent this year. It will go down slowly.

Tariff Item 178 is the main item. Newspapers, periodicals and parts of newspapers enter duty free, including comics and advertising inserts. There is an inequity here, incidentally, advertising inserts, for instance the full colour ones that come in the daily newspapers now, enter duty free but advertising inserts for periodicals are dutiable. This is an inequity in the present situation.

**Mr. Danson:** You might be interested in knowing that the greatest work of fiction has just been published in Canada, I received a copy of the *Platforms of All Political Parties Since 1867*.

**The Chairman:** Have you any further questions, Mr. Hales?

**Mr. Hales:** I have another question but not on this particular subject.

**Mr. Perrault:** I am interested in the competitive situation with respect to Great Britain. You described rather well the impost which exists on the entry of United States printed material, but I remember one incident a few years ago when I ordered a book, Shirer's massive work on Nazi Germany, from Foyle's Book Shop in England.

• 1655

When it arrived in Vancouver I found it had been printed in Boston, Massachusetts, and it was a good third less in price than any comparable editions in the United States or Canada although it was identically the same volume, printed in the United States.

As I understand it, Mr. Chairman, there is no duty payable on books within the Commonwealth because there is no tariff and there is no restriction on the import of this book from Foyle's in Britain. I am rather mystified about a regulation which would permit a book to be printed in the United States, shipped to Britain and then sent to Vancouver for sale at one-third the price available in any book shop in Canada. It seems to me it must pose a competitive problem for the graphic arts industries in Canada, if the British can send books into Canada on this kind of basis. Do you think that dumping is taking place from Britain?

**Mr. Maclellan:** You are speaking about one book, sir.



**Mr. Perrault:** I am speaking not only of one book but of several books. I have since purchased a great many books from Britain and I have invariably found the price to be one-third less.

**Mr. Maclellan:** I can say that I do not know about the book printed in the United States and shipped to England and then to Canada, but books from Britain generally have been cheaper primarily because of lower labour rates. A large book like Shirer's, supposing it were printed in England, requires an enormous typesetting job and the economies they could achieve on the typesetting alone would give them a great advantage over a Canadian book printer. The same would apply, let us say, to *Webster's Dictionary* or the *Bible* or some other voluminous work. The typesetting would obviously be an enormous factor and we pay very high wage rates.

I wonder if I might say, Mr. Chairman, apropos Mr. Trudel's remark earlier, that there is another aspect to this. The new regulations are perhaps a bit of a two-edge sword to us. Under the present situation the Department can act perhaps automatically when it is satisfied that dumping has occurred. It may be that quite an interval might take place, the Department may not be too well staffed to detect all kinds of dumping, but then it can act on its own. Under the new situation much more of an onus would be placed on the industry. We would, perhaps, have to initiate a complaint, then appear before a Tribunal, do a lot of documentation, and demonstrate material injury. So as the victims, in a sense, we would be put to all this trouble and the individual company, of course, could not do it. With respect to dumping, under the present situation our hands are largely tied. The officials of the Department may not know they are handling dump material or undervalued material, and it does not come to our attention, perhaps until quite some time has passed. Then the damage has been done.

I have used the example before, and I use it again, I suppose in September or October 1969 calendar desk pads arrived in large quantities from the United States. They are on the market being sold during October, November and December, and the 1969 market could be ruined with one importation.

It might not put a Canadian competitor out of business but it could do him grave harm, although eventually, perhaps, duty might be applied. This type of thing goes on all the time and as there is so much of it and it is so widely diffused it is a real problem here.

Another aspect is that we are not talking merely about printing production. It will be obvious that all imported printing, undervalued or not, involves paper and we are a papermaking country. This is very important to bear in mind. Also, as far as the Canadian industry is concerned our activity or our product is very largely to move the goods and services of all Canadian industries and businesses. So we hope for a thriving prosperous industry keeping in step with the rest of the Canadian economy.

**The Chairman:** I think Mr. Arthur would like to make a comment on that subject.

**Mr. Arthur:** Mr. Chairman this morning we dealt at considerable length with the matter of one massive dump, and I do not believe it would be appropriate at this time to go through the procedures that have been laid out in this Bill to ensure that if the investigations are done within the period prescribed that a massive dump importation would be subject to dumping duty.

• 1700

However, there is one point on which I would like to comment Mr. Chairman. On page 3 of the brief the Graphic Arts Industries Association suggests that it would be difficult for their industry to prove material injury because of the geographic diversity of the industry. I do not believe that either in the Code or in the proposed Bill the suggestion is made that the onus is on the producers in Canada to prove there has been injury or that they have been threatened with injury.

The obligation here is very much on the government, or it is the responsibility of the Tribunal to establish material injury. I think one of the suggestions made in the White Paper is that it is hoped government departments would be able to assist you in this. I do want, though Mr. Chairman, to put on the record that it is not necessarily an onus on the industry to prove that they have been materially injured. Rather it is the responsibility of the Tribunal to determine material injury and presumably to gather information and to measure the indices that have been suggested in making that determination.

**Mr. Maclellan:** I wonder if Mr. Arthur would answer this question, Mr. Chairman? Is there not an onus perhaps on the industry to start the wheels turning to initiate a complaint? Is the Department going to initiate a complaint to start a case?

**Mr. Arthur:** I think, Mr. Chairman, an investigation can be started by the Deputy Minister or it can be on the basis of a complaint lodged by an industry. There is provision for the Deputy Minister to initiate an investigation on his own.

**Mr. Blair:** It would appear to me from the answer we had a few minutes ago for the generality of printing, apart from books, that the industry now enjoys a fairly substantial protection; is that correct? Twenty-five per cent is a high rate in the present context of the Canadian tariff.

**Mr. Maclellan:** I would not like to suggest, Mr. Blair, that it is high in relation to other countries.

**Mr. Blair:** In other countries comparable levels of duty apply against the importation of printed material.

**Mr. Maclellan:** The United States, for example, has had a pound rate which has been very substantial in the case of lithographic matter. In some cases duty might be as much as the cost of the job. I recall this happening a year or two ago to a Montreal printer. He telephoned me, screaming because he found the United States duty was almost as much as he was charging for the printing to a United States customer.

**Mr. Blair:** Not only do you face the copyright problem in the United States but you face a very high rate of duty if you export Canadian printed material to the United States?

**Mr. Maclellan:** This would be commercial work or advertising material, yes.

**Mr. Danson:** Just on that same question, I thought we had a pound rate that was pyramided by the number of colours as well. Do we not have that type of tariff at the present time?

**The Chairman:** Mr. Hind would you care to make a comment on the question asked by Mr. Danson?

**Mr. Hind:** Mr. Chairman, I believe the reference that has just been made perhaps relates to the matter of valuation for duty purposes rather than the rate of duty on imported printed material, be it *specific* or an *ad valorem*.

**Mr. Danson:** This is the method that is used?

• 1705

**Mr. Hind:** Yes. Expressed differently, I do not think that the advertising item carries a *specific* rate of duty in stages such as you have suggested. Mention of that point earlier on had to do with the establishment of the value for duty purposes of printed matter coming into Canada in smaller quantities than are sold in the country of export.

**Mr. Maclellan:** I have a letter here on this point from your Department, Mr. Hind. It was written some years ago, but I think it is still true. It states that in the absence of a fair market value for the quantity imported it has been prescribed that the lowest acceptable value for customs duty purposes of printed and lithographic matter is held to be the exporters large quantity purchase price plus an advance of 30 per cent for materials of one colour and 35 per cent for materials of two or more colours.

In the case of printed or lithographic matter produced in the exporters own printing plant the lowest acceptable value for customs duty purposes is held to be the exporters production cost plus an advance of 40 per cent for materials of one colour and 45 per cent for materials of two or more colours. Now this would help to compensate somewhat, although not altogether, for the difference between short runs in Canada and long runs in a foreign country. It still would not bridge the gap in many cases.

**Mr. Danson:** Where is your principal concern in so far as the anti-dumping legislation is concerned? I think your industry is really in a very special position. Particularly I am very much in favour of the new postal regulations; I do not imagine your group are highly enthusiastic and also our paper industry is not exactly in buoyant condition at the present time. It is important that we find out where or what we should watch for.

**Mr. Maclellan:** There are a couple of points there which Mr. Buchanan might wish to supplement, I would like to take another day to talk about postal rates.

However, on this question, one area of concern is detection. There is so much of it, how can we detect it? We simply cannot, and can the government do it? We are not sure.

Test cases may prove to be deterrents. However, there is a lot of undervalued printed matter coming into the country and we are concerned about this, and about the growth of



the whole thing. On top of imports at normal valuations it is added injury. We cannot complain about fair competition but unfair competition is another matter. This is our major area of concern.

Next to that, of course, is the burden thrown on the victim. He must suffer direct injury and he may be involved in cases before the Tribunal.

**Mr. Buchanan:** Mr. Danson to try to answer your question specifically about what this Committee can do, I think it is clear from our brief—I hope it is clear from our brief—that we are not asking for any specific changes in either the Bill or the proposed regulations. Our area of principal concern relates to the inevitable uncertainty which is attendant on any radical change in legislation.

Particularly, I think we are concerned about the matter of expeditious administration. As a matter of fact I might tell you, at one stage we had thought of asking this Committee to give consideration to recommending an increase in the staff of the Department of National Revenue for the purpose of the administration of this act. But we are taxpayers and we think you have a big enough operation now.

**The Chairman:** This morning a representative of the Department of National Revenue said that they have increased their staff in some capacities; perhaps not as much as you would hope.

**Mr. Buchanan:** I still am somewhat apprehensive that preliminary determination to dump will not occur with the expedition that we think is essential if this legislation is not to prove detrimental.

• 1710

We notice, for example, that there has been a consolidation of a couple of departments in Ottawa, and we suspect there may be some redundancy in the public service, as a consequence of these amalgamations. We hope there is, as a matter of fact. Maybe the Committee could give some thought to reallocation of some of these bodies to beef up the Department of National Revenue by transferring some of the redundant people from other departments. In this way we would hope to get more expeditious administration of this legislation without having to pay any more taxes.

**The Chairman:** I am sorry, Mr. Danson, I think we should return to Mr. Blair.

**Mr. Blair:** I will not be too long I hope. I wanted to find out whether there were any British preferential tariff items that applied in the publishing tariff rates?

**Mr. Maclellan:** There are a number of instances, I think Mr. Hind will bear me out, where material that is dutiable from Most Favoured Nations is duty free in the case of Britain. I do not have the tariff schedule with me.

**Mr. Blair:** Does that apply to the main Tariff Item 178, or whatever its new number may be.

**Mr. Buchanan:** As you know, Mr. Blair, it applies to most tariff rates.

**Mr. Blair:** Notwithstanding the existence of a British preferential item it is clear that the majority of printed material coming into this country comes from the United States.

**Mr. Maclellan:** Eighty-five to ninety per cent. There is quite a bit from Britain and there is a growing volume from France. This naturally can be expected to grow with the cultural agreements between France and Quebec. There is bound to be more printed material imported in the French language.

**Mr. Blair:** The impression I had was that your industry is concerned about the importations of what might be called printed material generally as opposed to books. I want, perhaps, to develop this for the consideration of the people who are here. I think as parliamentarians we have to be concerned about the free flow of information. I would hate, for example, to think that my friend Mr. Perrault who made a favourable purchase of a book in Britain might become the subject of a dumping duty assessment. I suppose the statute of limitations has run out.

**Mr. Perrault:** This is part of the Commonwealth agreement on free flow of information.

**Mr. Blair:** In any event this is one consideration. On the other hand it may well be the case that this new law presents the industry with an opportunity and it now might be able, on the basis that it has the potential of developing a greater degree of book publishing in Canada, to seek higher valuation of books which heretofore have perhaps come in without any particular attention being paid.

**Mr. Buchanan:** I would not have thought, Mr. Blair, that this new legislation would lead to any higher valuation being placed on



books. Having read it I would not expect that result. I would expect that normal value for books under the proposed legislation would in all likelihood be the same value as would be determined under section 36 of the existing Act, for purposes of regular duty.

**Mr. Maclellan:** There will be higher valuations in the normal course because of higher costs. This is an inevitable progression.

If I may speak to your first point, Mr. Blair, about the free flow of information, nobody is more eloquent about the free flow of information than our American friends. However, again we must point out though they are talking so much about this they are very careful to try to ensure that as much will be manufactured in the United States as possible. We can still have free flow of information but printed here on Canadian paper.

**Mr. Blair:** I am not suggesting for a minute that anybody in this Committee would want to defend the principle of the tyrannical United States copyright laws which presents a very serious obstacle.

I have one final question which perhaps Mr. Buchanan with his expertise on the subject could answer. If the United States law deals with copyright, what is the position with regard to wrappers which may just have a trade mark on them. Is trade mark protection lost if this kind of material is printed outside the United States.

• 1715

**Mr. Buchanan:** I would not have thought so, Mr. Blair, but I would not want to parade as an expert.

**Mr. Maclellan:** There might be some jeopardy for the copyright in the original art work.

**Mr. Buchanan:** There might well be for slogans of one sort or another.

**Mr. Danson:** I am sorry, I probably have been as much to blame as anyone, but it seems we get very close to the tariff regulations rather than the anti-dumping law so many times. The question of detection seems to be particularly difficult, I would think, because many of the transactions about which you would be concerned—I am making an assumption—would be non-arm's length transactions. For instance, without mentioning any soap company by name, the parent company in Cincinnati might ship material up to their company in Hamilton, and no one might know about it.

We are mostly talking about competitive items on the market and this does apply to a certain extent in your case, I guess to a very large extent. Also to a very large extent there are transactions that might never be detected. In your opinion does this present a serious problem?

**Mr. Buchanan:** I think this is a very real problem, Mr. Danson. So many of these would relate to importations which in themselves are small but which in the aggregate are very important. I am not persuaded as to what the solution to this kind of problem is. With great respect I entertain a certain scepticism about the capability of public servants ferreting out this kind of information. I do not say this in any derogatory sense because I do not think they are equipped to do it. In the final analysis detection of dumping is going to be done by our membership.

As I say, so much of the importations are relatively small in themselves that it probably is not going to be worth anybody's while to pursue some little importation here and another little importation there. However, in aggregate they are impressive, as you can see from the figures on imports. Mind you, this is a problem which exists now and this problem is not going to be changed by the new legislation. This is a problem inherent in our kind of business.

We are going to have an added burden under this new legislation. Notwithstanding what Mr. Arthur says, we are still going to be a factor in determining material injury. We are going to have to provide evidence. I cannot conceive of anybody else effectively doing it. This is going to be an added burden to us, and one which we are not... Like other people we do not like new burdens. We appreciate the injury is there and we have to show it, and we are gratified that we are going to get some help. In the final analysis, speaking for myself, I am convinced this industry is going to shoulder the major part of the burden as is every other industry that sets out to establish material injury before a Tribunal.

**Mr. Blair:** But your main purpose in coming here was to seek the reassurance you have received that the valuation proceedings will occur as they have in the past?

**Mr. Buchanan:** That is right. Our interpretation of the Bill is one which this Committee appears to agree with, and that is a matter of gratification to us.

I do not know whether it is the Committee's function to make recommendations with respect to the administration of the legislation but if it is we hope the Committee will take account of the fact that expeditious administration is going to become relatively much more important in the future than it has been in the past. While we are not anxious that a large new army of people should be put on the public payroll we would like you to take a look with a rather fishy eye at some of the other departments to see if you cannot beef up the Department of National Revenue at somebody else's expense.

**The Chairman:** Is your question along the same line, Mr. Perrault?

**Mr. Perrault:** It is relevant to the matter of dumping as it relates to countries other than the United States.

**The Chairman:** Well, Mr. Perrault...

• 1720

**Mr. Perrault:** I am not talking about the administration because I do not think it is relevant to the problem we are discussing.

**The Chairman:** I think Mr. Hales mentioned previously that he would like to ask some questions.

**Mr. Hales:** My question has been introduced by Mr. Danson. It is relative to this question of detection or of administration. Let us take, for example, a United States subsidiary in Canada which has been buying labels and printed material from a Canadian printer. They generally buy six months or a year's supply of this material. All of a sudden due to these new regulations and the Kennedy Round they feel it is advantageous to buy from a United States printer or from their home office. Who is going to detect this dumping and who is going to alert the Department about this? It is quite evident that the American subsidiary in Canada is not going to register any complaint, but who is going to...

**Mr. Buchanan:** Shall we say, Mr. Hales, that it will be the printer who lost the order?

**Mr. Hales:** Well, yes, that is right.

**Mr. Buchanan:** If he does not do it, it will not get done.

**Mr. Hales:** He will not know for six months to a year when he fails to get the second

order and a lot of harm will have been done in the meantime.

**Mr. Maclellan:** All sorts of things can happen, Mr. Hales. As an example, if I could use something else, but which is relevant, the playing card business. The playing card business in Canada is largely dominated in Canada by two large American companies, one in particular, which I happen to know was an enormously profitable operation. This company had a plant near Windsor. We only became aware of what was going on because we had a strike and the union brought this to our attention and then the duty question arose. This company found during the strike that it could bring the playing cards into Canada in flat sheets from Cincinnati, including the duty, for less than it cost to manufacture them in Canada. As a result they decided not to resume printing in Windsor and have continued to bring in their cards in flat sheets.

I recall quite a few years ago that some question arose about the valuation and this company looked to me, at first, for a little support. However, we were not too sympathetic because they were importing rather than manufacturing here. But here is a situation between the Canadian subsidiary and the parent company which ordinarily we would never have known about.

It so happened that in this case a gentleman from that company came to me and was, perhaps, more frank than he should have been. He showed me profit figures which were then huge. He wanted less duty—he was practically monopolizing the market anyway—and the climate that has developed, sir, is such that it is not practical for a Canadian company to get into the business. Then when all was said and done, they manufactured and brought them in in the flat sheets and put them in a pack with the words "made in Canada" on them.

**Mr. Perrault:** I have a short question about dumping from various sources.

Have you any evidence to suggest that dumping is taking place from nations other than the United States? I have noticed some printing in Canada—fine quality printing of calendars and so on—from Switzerland, Holland and Czechoslovakia of a very high order. Is there any implication of dumping in this type of printing which is coming into Canada or is United States the main concern? I asked a question about Britain and you never directly answered whether or not you thought any dumping was taking place from Britain.



**Mr. Maclellan:** Actually, I do not think there is much from Britain. These other items from Switzerland, Austria and Germany are highly specialized. Some of them are beautiful and this material is, perhaps, turned out to the whole world—the whole English-speaking world or the whole French-speaking world. We have not had a complaint about that, but last evening when I was at the news-stand of the Lord Elgin Hotel and I saw a pile of three-dimensional postcards from Japan. The words “printed in Japan” appeared where you would affix the stamp so it would be concealed after the postage had been put on. I have no way of knowing, but I wonder if those cards are being dumped or not and I wonder what valuation has been given. They are competitive, in a sense, with postcards printed in Canada, although they are quite different. We are not, at the moment, producing three-dimensional cards, but we might at any time.

• 1725

**The Chairman:** Do you have any more questions, Mr. Hales?

**Mr. Hales:** I am finished, thank you.

**The Chairman:** I think Mr. Hind has some information for the Committee?

**Mr. Hind:** Yes, Mr. Chairman, I was asked to determine how we treat automotive manuals when they come into Canada, as such. The answer I received is that when imported under the Automotive Agreement they do, indeed, come in duty free as accessories.

**Mr. Hales:** May I ask a question of Mr. Hind, Mr. Chairman? What department would make the ruling that car manuals were accessories or part of a car?

**Mr. Hind:** Mr. Chairman, that ruling would be the responsibility of the Department of National Revenue.

**Mr. Hales:** Was there any legal advice sought on this interpretation?

**Mr. Hind:** Mr. Chairman, I cannot answer that question honestly as I do not really know. There are a number of things on an automotive vehicle that really are not part of the automobile, but they can, I think, reasonably be regarded as accessories in the sense that their use is tied up with the car itself.

I could mention such things as jacks for cars, possibly trouble lights for cars, possibly car radios and so on. The cars will function perfectly well without jacks, radios and trou-

ble lights, but on the other hand, these articles are, indeed, fabricated for the sole purpose of making the operation of the cars practical.

Consequently, the word “accessories” is in the law—in the tariff item—and we must give some meaning to that word. We should be able to come up with something that is regarded in the trade as an accessory. Consequently, we have, indeed, regarded the owner's manual as falling into that class.

**Mr. Hales:** Mr. Chairman, it would appear then that all the—not all, but a large percentage—of the car manuals are being printed in the United States and are coming into Canada duty free to be put into cars that are manufactured in Canada and sent any place in the world. So, printed car manuals are coming in duty free. Is that right, Mr. Hind?

**Mr. Hind:** Yes, Mr. Chairman, that is correct.

**Mr. Hales:** I am surprised that the Graphic Arts Industries Association did not discover this and raise a strong objection. Possibly they have done so, but have not said so today. Would Mr. Maclellan care to say whether or not they did?

**Mr. Maclellan:** Obviously, Mr. Hales, we are talking about our customers who do buy a lot of printing in Canada and the one complaint, as I said, which was brought to our attention came from one of our directors who was printing car manuals and who had lost some business. He went directly to his customers about this. We were not asked at that point to take it up formally with the Department of National Revenue, but it was certainly discussed with the Department of Industry, perhaps informally rather than formally. Since I have refreshed my own memory by mentioning it today, I would be quite prepared to look into the present situation.

**Mr. Hales:** Would this be a very sizable business?

**Mr. Maclellan:** Yes, cars are being produced in very large quantities so obviously the press runs for these manuals should be very substantial.

• 1730

**Mr. Hales:** Would you like to estimate the value of such business?

**Mr. Maclellan:** It would be hard to say because some might have more colour in



them than others. However, even on a black and white basis considering the very good paper used, it is hard to believe these books are worth less than 25 to 40 cents apiece, depending on the press run.

**Mr. Hales:** I understood, Mr. Maclellan, that earlier you mentioned the name of somebody who was here. I wonder whether he might be allowed to speak on this.

**Mr. Maclellan:** That was Mr. Roberts, the Chief of the Printing and Publishing Division of the Department of Industry who is in the audience.

**Mr. Hales:** If he would take the stand I would like to ask him a question.

**The Chairman:** I think before we do that, Mr. Arthur would like to make some comments.

**Mr. Arthur:** I think, Mr. Chairman, while this has been related to the automotive program, if this printed material were dutiable, imported into Canada and then re-exported in any form, there is a drawback provision in the tariff of long-standing that would apply which would give drawback of 99 per cent of the duty that was paid. These drawback provisions apply in many countries. Therefore, I think it should be put into that context. The question Mr. Hales raised was that if these goods were imported and re-exported and were dutiable at the time of the importation, they would be subject to 99 per cent drawback when they were re-exported.

**Mr. Blair:** Mr. Chairman, if I might make a comment? I think anybody who is familiar with the total customs tariff is well aware of the fact that many things fall into the category, and quite properly so, of accessories, parts and so forth.

I should think, even though these gentlemen have a particular interest to defend, it would be pretty hard for anybody here to explain to the purchaser of a car that the manual was something different and had to be treated differently than an automobile which was the subject of this international agreement with the United States.

It presents many complexities to me and I really do not think the fact that these books are treated as accessories represents any departure from the established canons of interpretation by the officials under the customs tariff. This kind of thing has been going on for years and if we had the ability here

to examine the vast number of rulings that have been made, we would find a number of things that have been rated as accessories, parts and so forth.

**Mr. Maclellan:** You cannot very well use a telephone unless you have a telephone book. That is another accessory.

**Mr. Hales:** I do not think we, as Parliamentarians, when we accepted the Canada-United States Automotive Products Agreement thought for a moment that printed material was part of this agreement. It is difficult for me to realize that printed material is part of a car.

**Mr. Flemming:** Mr. Chairman, I wonder if it would be a proper question to ask Mr. Hind if he agrees with the fifth paragraph from the bottom on page 3 which says:

In short we presume that the proposed regulations would permit the Deputy Minister to appraise printed matter for purposes of dump duty in the same manner as he now appraises such goods for regular duty.

Would Mr. Hind care to comment on that paragraph?

**Mr. Hind:** Yes, Mr. Chairman, I would be pleased to comment on that. It is not true that the value for normal duty purposes as set out in the proposed draft Bill for printed matter will be calculated in precisely the same manner as the value for regular duty purposes which means as computed under the Customs Act. Mr. Grey made this clear when he was outlining the Bill to the Committee at, I believe, the first or second meeting. There are some points of difference in the calculation of the value under the proposed Bill and the value as contemplated under the Customs Act.

#### • 1735

I might mention two or three areas that I had in mind and this has been said before. Under the current Act, as officers of the Department of National Revenue, we may allow a discount which is for trade status which is not allowed in the country of export. Under the proposed Bill there is power for the Deputy Minister to allow an extra discount for trade level even though it does not exist in the country of export. That is one point.

Similarly, under the Customs Act in establishing the value for regular duty purposes,

we cannot allow an extra discount for especially large quantities coming to Canada. Under the proposed law we can do this.

Another area of difference relates to the time at which the Department of National Revenue must determine the value for duty purposes. Under the Customs Act, this again is the value for regular duty purposes, we must have regard for sales at the time the goods were shipped to Canada. Under the proposed Bill the relative period is a period so many days preceding the date of sale. I said "so many days", because this area has not been decided upon, as yet. In other words, there is a blank number of days. I have heard it said that it might be a matter of 60 days. This would establish the period of time in which we must find the normal value in the country of export.

Mr. Chairman, in summary, to answer Mr. Flemming's question, the value under the proposed Bill will not necessarily be the same as the value for regular duty purposes.

**The Chairman:** Does that answer your question, Mr. Flemming?

**Mr. Flemming:** Yes, Mr. Chairman, thank you. Could I make a comment on that, Mr. Chairman? The relevant information with respect to the present duty and the present situation as compared with what is provided for under the anti-dumping regulations shows many differences—advantages in some cases and disadvantages in others—which is what this Committee is really interested in. I think we are reasonably familiar with the present situation. If we were not familiar with it, I think Mr. Hind has cleared up the matter very well as far as the interpretation and the application of the law is concerned.

**Mr. Buchanan:** I wonder if I could comment on Mr. Hind's observations?

You will note that the paragraph referred to is phrased: "... would permit the Deputy Minister to..."

What we were concerned with when we made that statement, and I understood Mr. Arthur to say he thought we had correctly interpreted the proposed legislation, was that the proposed legislation would permit the Deputy Minister to make a finding with respect to normal value—I will put it simply—based on cost plus 25, 30 or 40 per cent, as he sees fit and as he now does with respect to printed matter which is imported in quantities which are less—substantially less—than the sales in the home market. As I under-

stand it, the new legislation will permit this. If it permits this and this is the proper thing to do, we are satisfied that the Deputy Minister will do it. That is the basis upon which we expressed our views in this particular paragraph.

• 1740

In respect of the matter of time, this affects us to some extent, too. I take it that under the existing legislation the Deputy Minister may have regard, in determining the value for regular duty, to the fact that certain goods are, to use the jargon of the trade, end-of-season, end-of-line. We have this in the printing industry and I take it that under the Code he may have regard for the fact that the sales today of an item that is a sell-out, an end-of-line, is not normal value for the purposes of the Code; just as it is not necessarily normal value for the purposes of regular duty. I took that to be the significance of the reference to time in this proposed Bill and regulations. We did not comment at length, in fact we did not comment at all, because we took it to be self-evident that was the purpose of the legislation, and we, of course, approve of it and agree with it. We think it is essential.

We were more particularly concerned, and we continue to be concerned, with this matter of establishing a value for the relatively small quantity shipped to Canada as opposed to the large amount sold in the home market, which is the United States. If we are right in thinking that the Deputy Minister under the proposed legislation would be permitted to do what is now done, and we believe he is, then we are satisfied.

**Mr. Hind:** In that narrower context the answer is in the affirmative. In other words the proposed law will permit the Deputy Minister to act in exactly the same manner as the legislation under which we are currently operating.

**The Chairman:** Are there any further questions or comments on the brief, either from the department officials or from the Association?

**Mr. Maclellan:** Mr. Chairman, there is one matter, although I do not know whether anything can be accomplished today on this or not. In the first paragraph on page 4 of our brief we refer to the question of "like" goods, and the concluding sentence of that paragraph reads:

It is arguable that all printed matter has a close resemblance and accordingly that



any dumped imports of printed matter are a potential cause of material injury to the industry as a whole.

I would just like to point out that this is a very disturbing aspect of the whole matter. I have a paper here with scores, perhaps hundreds, of different product headings of printed matter, taken from Dominion Bureau of Statistics reports and from the tariff items for books.

I do not know where we are going to begin and end with "like" products. I see bridge scores, calendar pads, boxes, books, periodicals, decalcomanias, gummed sets, printed games and all sorts of things. This makes me wonder if we are going to have to go through perhaps hundreds of test cases before the Tribunal to establish what "like" goods are or whether broader definitions are needed.

We have for instance talked about advertising material. This encompasses a vast range of material. You may advertise your product today with a booklet; you may advertise it tomorrow with a billboard poster. There are all kinds of advertising material, all used for the same purpose but not identical. This poses very real questions.

At the moment we are told that billboard posters are being dumped. I do not know whether they are being dumped in the legal sense but they are being dumped in the commercial sense. Would billboard posters be treated in terms of other billboard posters or all advertising matter or all printed matter? Most printers can produce posters of some kind or other. They may not be able to do billboard posters but they can do posters of all kinds and most kinds of advertising, forms, and letterheads. Practically every printer in the country might be said to be affected either directly or indirectly by a lot of dumping.

• 1745

How precisely are we going to have to pin things down. Can anything be spelled out more specifically in the legislation or regulations or are we left with test cases before the Tribunal? Perhaps Mr. Arthur might care to comment?

**Mr. Arthur:** Mr. Chairman, the definition of "like" goods is in section 2(1)(g) of the interpretation clause of the proposed Bill. First,

"like" goods are identical goods or goods that are identical in all respects, and so on. In the absence of any goods that are identical in all respects then the definition is goods the characteristics of which closely resemble those of the said goods. It would appear that the words "the characteristics of which closely resemble" are fairly broad, or at least as broad as the concept of "similar" which is in the present customs provisions.

While it is not possible to deal directly with the goods that have been mentioned here, I would say that the definition of "like" goods as contained in this Bill is similar to those that appear in the Code. Of course it will have to await the decision of the Tribunal, findings or orders of the Tribunal, and presumably the description of the goods when interpreted by the Dominion Customs Appraiser or the Department of National Revenue on any appeals that are made on the amount of dumping or the description of the goods assigned by that Department either to the Tariff Board or the Exchequer Court. That is similar, Mr. Chairman, to the procedure that is presently invoked.

**Mr. Maclellan:** Mr. Chairman may I say it is an awesome prospect for us to establish whether a booklet is in the same category as a book. Before we could satisfy ourselves with the Department and now it will be a bigger exercise.

**Mr. Buchanan:** I do not want to prolong the meeting this hour of the evening, Mr. Arthur, but I am instructed that at the present time all printed material is deemed to be of a class or kind made in Canada. This particular problem is to some extent not a factor today.

**The Chairman:** Are there any further questions, gentlemen? If not, I have a copy of a letter addressed by the Secretary of the Canadian Paper Trade Association to Mr. David Maclellan which the Graphic Arts Industries Association would like to have printed as an appendix to today's Proceedings.

(See Minutes of Proceedings)

On behalf of the Committee, I thank the members of the Graphic Arts Industries Association for their brief and comments presented to this Committee.



## APPENDIX "O"

SUBMISSION OF THE CANADIAN  
CHEMICAL PRODUCERS'  
ASSOCIATION ON THE WHITE  
PAPER ON ANTI-DUMPING

## I. Introduction

This Association appreciates the opportunity provided by the Minister of Finance to express its views on the Draft Anti-Dumping Legislation to the Standing Committee on Finance, Trade and Economic Affairs before the Government introduces this legislation in the House of Commons. It takes this opportunity to commend the Minister for adopting this procedure, and to compliment the persons responsible for the drafting of the legislation.

We believe that the amendments suggested hereunder will improve the clarity and the practicability of the proposed legislation and enable the authorities to take prompt and effective action to stop injurious dumping.

## II. Recommended modifications to the draft

For convenience the following recommendations are recorded in numerical order of the sections of the draft legislation.

7.

The legislation should require publication in the "Canada Gazette" when the Governor-in-Council exempts any goods or classes of goods from the application of this Act.

9. (2)(b)

The intent of this section requires clarification. As drafted, other vendors in the country of export may be selling imported goods at relatively low prices. (Subject to quota restrictions.)

The following wording is therefore suggested:

- (b) If there was not a sufficient number of sales of like goods made by the exporter by reason of the fact that the exporter sold goods solely or primarily for export, but there were sales *by other vendors of like goods produced in and for home consumption in the country of export*, there shall be substituted for the exporter the said vendors.

13. (1)(a), 13(1)(b)(ii) and 13(2)

The Deputy Minister is required to make an investigation *forthwith*. It is equally

essential that he reach his initial opinion in 13(1) or his decision under 13(2) *expeditiously*.

13. (6)(a)(ii)

The wording should be amended as follows: "the margin of dumping of the goods *and* the actual or potential volume of dumped goods *are* negligible, or"

14. (1)(b)

The wording should be amended as follows: "the margin of dumping of the dumped goods *or* the actual or potential volume thereof is not negligible".

16. (5)

This sub-section should be amended to add "complainants, if any" to the list of parties to be forwarded a copy of each order or finding, and such notice should also be published.

30.

While it is gratifying to see provision for an Anti-Dumping Tribunal to be appointed by the Governor-in-Council, it is cause for concern that this Tribunal which shall be deemed to be a Court of Justice responding direct to the Government, is required, "—before making any order or finding or before rendering any advice on any reference made to it pursuant to Sub-Section (3) or (7) fo Section 13", to seek the advice of a panel consisting of certain Deputy Ministers or their representatives nominated by the Minister of each Department involved. Although the Tribunal is not bound by any advice received on any matter from the Panel, this restriction detracts significantly from the freedom of action of the Tribunal, and from the status of the Tribunal as a court. Such a procedure will also cause an unnecessary delay in the working of the Tribunal.

Section 26 (2) provides authority for the Tribunal to obtain the advice and assistance of any agency or department of the Government of Canada. Consequently, there does not seem to be any need for a Panel.

As the creation of the Panel is redundant and undesirable, we recommend the deletion of Section 30 of the draft legislation.

### III. GENERAL COMMENTS

#### (a) *Initial Import of Dumped Goods*

The new anti-dumping legislation has a fundamental weakness in that it does not provide for assessment of dumping duty on the first import that causes material injury. Consequently, it precludes *complete* fulfillment of the undertaking by the Minister of Finance on 10th July 1967 "to see to it that Canadian anti-dumping duties are quickly and effectively applied". It is essential, therefore, that the Deputy Minister of Customs and Excise should express his opinion promptly where there is *prima facie* evidence of dumping and injury, and reach a decision expeditiously after receipt of a written complaint respecting dumping.

#### (b) *Administration*

The proposed legislation in contrast to the present legislation will require the exercise of considerably more judgment and discretionary powers in its administration. Under our

present Canadian anti-dumping law, the administrative authorities have been, in many cases, slow to investigate and equally slow and at times reluctant to declare dumping.

It is of paramount importance, therefore, that the officials who will administer this legislation should not only be well qualified but also prepared and willing to exercise their responsibilities fully and expeditiously within the framework of an efficiently organized department.

#### (c) *Regulations*

In the absence of a draft of the numerous regulations stipulated in the legislation, it is not possible to evaluate adequately all of the provisions. As these regulations have an important bearing on administration, it is highly desirable that interested parties should have adequate opportunity to study and express their views on the proposed regulations before approval by the Governor-in-Council.

## APPENDIX "P"

Graphic Arts Industries Association  
Suite 906, Fuller Bldg.,  
75 Albert St.,  
Ottawa 4, Canada

SUBMISSION TO THE HOUSE OF  
COMMONS STANDING COMMITTEE  
ON FINANCE, TRADE AND  
ECONOMIC AFFAIRS

RE: DRAFT ANTI-DUMPING ACT AND  
PROPOSED REGULATIONS

To the Chairman and Members of the  
Committee:

This brief is presented on behalf of the Graphic Arts Industries Association—Association des Industries Graphiques. The active membership of the Association consists of 514 companies engaged in the design and production of all kinds of printed matter, as well as such preliminary, intermediate and finishing operations as typesetting, platemaking, and binding.

Collectively these companies are estimated to produce approximately 80% of all commercial printing originating in Canadian plants. The industry as a whole probably is the largest and best-paying employer in Canadian manufacturing of creative and skilled people. According to the Dominion Bureau of Statistics (see Appendix A), the printing, publishing and allied trades in 1966 employed 83,586 Canadians and paid them *an average* of \$5,547 each in salaries and wages, for a total of \$463,661,000.

The scope, character and geographic distribution of the industry, with plants in every province, are indicated in the statistical tables appended to this submission.

The basic concern of our membership collectively is that of manufacturers of general commercial printing, books, periodicals, mail advertising, business forms and all other kinds of specialty printing.

This industry has an importance to Canada far greater than the substantial dollar volume of its shipments. Its products are required in large measure as the main force in moving goods and services for all other trades and industries; and the print media have been and are essential to the development of our national identity.

That we conduct business in a difficult environment is too well understood to require extensive elucidation. However, it should be emphasized that Canada is the largest importer of printed matter in the world; both in absolute terms and on a per capita basis, these imports are much greater than those of any other nation, including the United States, our main competitor. Whereas nature has placed a language barrier between American printers and the Mexican market, American printed material and enterprise flood the Canadian domestic market. With similar facility, substantial printed imports come from Great Britain and France.

On the one hand, the smaller Canadian population does not permit the long manufacturing runs which sharply reduce the cost per unit or per item for the larger countries. On the other hand, thousands of the biggest Canadian print users are companies controlled from abroad, mostly from the United States; and that country, our nearest and most logical export market, maintains serious obstacles to Canadian printed exports.

This situation reflects, unchangeably and to a large degree, the inexorable linguistic and geographic facts of life. Nonetheless, we do have a major role to preserve and a potential for growth which should not be jeopardized through inadvertence or lack of awareness.

While we cannot escape our geography or language we do suggest that the continued viability of our industry depends on policies which take our inherent vulnerability fully into account. No area of government policy is more vital to our industry than is trade policy as this affects the determination of normal value for the purpose of the application of dump duty.

In this connection our industry was seriously apprehensive about any substantial revision of Canadian legislation in this area. We are reasonably satisfied with the existing situation but certainly regard the protection it affords as no more than barely adequate. Existing legislation does not preclude the importation of a very substantial volume of printed matter. Statistics relative to imports are appended to this brief.



In most situations geography, language or interests or a combination of one or more of them minimize trade in printed matter. Canada has common interest and language with two large publishing countries (France and Britain) and a common border, a common language, and interest with a third. It seemed to us hardly likely that an international dumping code would have adequate regard for the unique situation facing the graphic arts industry in Canada. Other leading nations do not have a comparable problem.

Your committee, we are sure, has heard from others of the cost disadvantages facing those who produce goods in relatively short runs. In the printing business this matter of short runs relative to runs of like goods in the United States poses an exceedingly difficult problem.

If our membership is to compete with any degree of effectiveness with imports from the United States, the determination of a "normal value" that takes full account of short run costs is imperative.

We note with due relief that Section 9 of the proposed bill would presumably permit the taking into account—in establishing normal value—the differences in the size of orders between those sold for home consumption (in the United States) and those exported to Canada.

In this connection we are particularly gratified by the provisions of Section 3, Sub-section (2) of the proposed draft regulations.

If we correctly construe the substance of this sub-section, it will be the duty of the Deputy Minister, in determining "normal value" of a sale of printed matter to Canada which is smaller than the smallest sale for home consumption, to take account of the difference in the volume by an upward adjustment so as "to reflect the price for which such smaller quantity would be sold for home consumption."

While Sub-section (2) of Section 3 of the proposed regulations does not specify the method of determining such upward adjustment—and we do not suggest that a particular method should be specified—we assume the Deputy Minister might have regard for the cost of producing such smaller quantity in the country of export.

In short we presume that the proposed regulations would permit the Deputy Minister

to appraise printed matter for purposes of dump duty in the same manner as he now appraises such goods for regular duty.

If we are correct in this assumption the regulations, in our opinion, should be reasonably effective so far as a finding of dumping is concerned.

There remains, however, the matter of whether dumped imports are causing or threatening to cause material injury.

It would be enormously difficult for the graphic arts industry, widely dispersed geographically and fragmented into approximately 2,500 firms (Excluding firms predominantly engaged in publishing), effectively to gather the necessary evidence to establish the proof of material injury. We would hope and expect assistance from appropriate Government departments in this task.

Naturally we are seriously concerned that the proof of material injury should not be unduly onerous. While we cannot offer criteria which we feel should bind the proposed tribunal in its findings, we do contend that the highly vulnerable position of the graphic arts industry—particularly with respect to imports from the United States—leads to a strong presumption that dumped imports or the threat of dumped imports would cause or threaten to cause material injury to our industry.

In determining whether in a specific case dumped imports of printed matter are a cause of material injury to Canadian producers of "like goods" (as defined in Section 2 (1) (9) of the draft bill) the question of close resemblance arises. Only very rarely would imported printed matter be "identical in all respects" with printed matter produced in Canada. It is arguable that all printed matter has a close resemblance and accordingly that any dumped imports of printed matter are a potential cause of material injury to the industry as a whole.

In our submission it is open to the Deputy Minister, if a preliminary determination of dumping in respect of printed matter is made, to levy provisional dump duty on all imported printed matter found to be dumped since all printed matter closely resembles that which is provisionally found to be dumped.

Similarly the Tribunal, if it finds that printed matter has been or is being dumped and has caused, is causing, or likely to cause

material injury to Canadian producers of printed matter, may declare all printed matter imported at dump prices to be liable for dump duty.

We would hope that the Deputy Minister and the Tribunal will each exercise jurisdiction in the manner indicated above, so as to accord to our industry the full level of protection from dumping which is consistent with the legislation.

We have no specific proposals for amendment to the draft bill and regulations. We believe they are susceptible to the interpretation we have placed upon them. If there is any doubt in the minds of the members of the Committee as to the validity of our interpretation, we urge that the appropriate amendments to the bill or regulations be recommended to remove such doubt.

Our industry is, of course, vitally interested that those charged with the responsibility for administering this legislation should execute their duties without undue delay. Experience

in the past has not always been entirely satisfactory in this regard. We suggest that your Committee recommend an increase in the staff of officers of National Revenue engaged in the determination of dumping if this is deemed to be necessary for prompt detection of dumping.

Officers of our Association are prepared to appear before your Committee to develop the matters raised in this brief and to attempt to answer any questions which may occur to members of the Committee.

All of which is respectfully submitted.

Yours truly,

GRAPHIC ARTS INDUSTRIES  
ASSOCIATION

ASSOCIATION DES INDUSTRIES  
GRAPHIQUES

Gaston Boulanger  
President  
Encl.

## APPENDIX "A"

## GRAPHIC ARTS INDUSTRIES IN CANADA—1966

	Printing, Publishing and Allied Industries	Corrugated Box Manufacturers	Folding and Set-up Box Manufacturers	Paper and Plastic Bag Mfrs.	Miscellaneous Paper Converters	Totals
No. of Establishments.....	1962 3,499 1963 3,501 1964 3,439 1965 3,465 1966 3,507	44 46 48 49 58	138 131 128 121 121	64 70 74 74 77	190 199 204 204 213	3,935 3,947 3,893 3,913 3,976
No. of Employees.....	1962 75,601 1963 76,015 1964 75,448 1965 78,737 1966 83,586*	7,049 7,010 7,117 7,769 8,180	8,183 8,016 8,167 8,229 8,283*	4,013 4,550 4,909 4,954 5,445*	10,310 10,703 11,795 12,215 14,123*	105,156 106,294 107,436 111,904 119,909*
Salaries and Wages.....	1962 \$ 361,468,000 1963 375,671,000 1964 385,687,000 1965 422,226,000 1966 463,661,000	\$ 32,277,000 33,007,000 35,830,000 39,975,000 44,330,000	\$ 33,137,000 34,090,000 35,908,000 37,483,000 39,963,000	\$ 14,979,000 18,319,000 20,919,000 22,447,000 26,227,000	\$ 44,291,000 47,687,000 54,371,000 58,412,000 71,344,000	\$ 486,152,000 508,774,000 532,715,000 580,543,000 645,525,000
Selling Value of Shipments.....	1962 \$ 925,443,000 1963 960,484,000 1964 983,921,000 1965 1,085,229,000 1966 1,204,665,000	\$158,946,000 166,333,000 179,183,000 193,053,000 211,493,000	\$125,393,000 129,327,000 136,801,000 143,876,000 156,685,000	\$ 90,543,000 105,958,000 115,256,000 120,918,000 144,046,000	\$197,443,000 208,553,000 236,412,000 261,964,000 301,326,000	\$1,497,758,000 1,570,698,000 1,651,573,000 1,804,040,000 2,018,215,000
1966 Breakdown.....						
Geographical Breakdown of Factory Shipments by Province <sup>[1]</sup>						
Newfoundland.....					Nil	(incomplete see X)
Prince Edward Island.....					X	
Nova Scotia.....	26,444,000				Nil	
New Brunswick.....					Nil	
Quebec.....					Nil	
Ontario.....	339,349,000	62,995,000	39,835,000		75,464,000	881,328,000
Manitoba.....	638,593,000	105,786,000	95,904,000		203,658,000	1,096,788,000
Saskatchewan.....	51,502,000		6,293,000		10,342,000	74,064,000 <sup>[4]</sup>
Alberta.....	18,623,000				X	X
British Columbia <sup>[2]</sup> .....	42,822,000				3,074,000	49,242,000 <sup>[3]</sup>
	80,151,000				14,102,000	98,565,000 <sup>[5]</sup>

\*Includes working owners and partners.

[1] Totalling of provincial figures will not agree with grand totals above for selling value of shipments due to incomplete sub-totals, resulting from omission of confidential figures as explained in final footnote.

[2] Incomplete. [3] Includes Yukon and N.W.T.

[4] Excludes corrugated boxes.

(X) Figures included in totals for industry, provincial totals being confidential where there are only one or two producers.

Source: Graphic Arts Industries Association from DBS



APPENDIX "B"  
CANADA'S PRINTED IMPORTS

	Imports from All Countries		Imports from United States	
	1966	1967	1966	1967
	\$	\$	\$	\$
NEWSPAPERS, MAGAZINES AND PERIODICALS				
Newspaper Supplements Section and Pts.....	1,566,000	1,732,000	1,566,000	1,732,000
Newspapers, Unbound n.e.s.....	1,513,000	1,704,000	1,467,000	1,602,000
Magazines and Periodicals n.e.s.....	47,859,000	53,773,000	44,454,000	48,233,000
BOOKS AND PAMPHLETS				
Religious Books and Pamphlets.....	4,575,000	4,526,000	3,705,000	3,777,000
Books Pub. by Foreign Govt. UN and NATO.....	198,000	317,000	176,000	228,000
Dictionaries, Encyclopaedias, Atlases.....	5,983,000	8,552,000	5,301,000	7,741,000
Books and Pamphlets n.e.s. <i>Excl. English</i> .....	6,534,000	9,520,000	440,000	516,000
Novels and Works of Fiction n.e.s.....	8,843,000	11,657,000	7,513,000	9,934,000
Books and Pamphlets n.e.s.....	51,772,000	61,660,000	45,580,000	54,020,000
MAPS, GREETING CARDS AND MUSIC				
Globes, Geographic Topographic and Pt.....	406,000	551,000	391,000	520,000
Charts and Maps.....	744,000	946,000	685,000	868,000
Photographs.....	374,000	688,000	358,000	577,000
Greeting Cards.....	967,000	1,023,000	829,000	833,000
Pictorial Post Cards.....	165,000	175,000	154,000	118,000
Picture Reproductions n.e.s.....	1,638,000	1,752,000	1,296,000	1,430,000
Music, Printed.....	567,000	942,000	537,000	872,000
Children's Picture Books.....	1,266,000	1,406,000	1,223,000	1,331,000
OTHER PRINTED MATTER				
Labels, Tags and Wrappers.....	2,410,000	2,487,000	2,283,000	2,287,000
Blueprints, Plans and Designs.....	6,316,000	4,632,000	6,064,000	4,397,000
Decalcomania Transfers.....	627,000	991,000	603,000	969,000
Playing Cards in Sheets.....	814,000	822,000	809,000	818,000
Playing Cards in Packs.....	195,000	236,000	69,000	94,000
Paper Patterns, Printed.....	751,000	859,000	750,000	859,000
Tourist Literature.....	654,000	1,568,000	372,000	537,000
Advt. Matter for Free Distribution.....	3,317,000	2,933,000	2,909,000	2,306,000
Printed Matter n.e.s.....	11,205,000	14,267,000	9,854,000	12,295,000
	161,200,000	189,719,000	139,388,000	158,894,000

SOURCE: D.B.S., correlated by Graphic Arts Industries Association

NOTE: Further substantial increases in imports during 1968, mostly from the United States, make it evident that this total will exceed \$200,000,000 for the year. However, it should be realized that the actual total volume of imports may well be closer to \$400,000,000, because Customs records and D.B.S. reports do not include the enormous daily influx of books, newspapers, periodicals, and direct mail advertising flowing through postal channels, or the very large volume of printed matter accompanying other goods, such as packages, instruction booklets, warranty cards, re-order forms, etc.

## APPENDIX "C"

## CANADA'S PRINTED IMPORTS FROM FRANCE

Description	1965	1966	1967
	\$	\$	\$
<b>NEWSPAPERS, MAGAZINES AND PERIODICALS</b>			
Newspaper Supplements Sections and Pts.....	2,604	—	—
Newspapers, Unbound n.e.s.....	715	1,832	—
Magazines and Periodicals n.e.s.....	2,081,117	1,911,775	3,071,000
<b>BOOKS AND PAMPHLETS</b>			
Religious Books and Pamphlets.....	386,296	359,487	153,000
Books Pub. by Foreign Govt. UN and NATO.....	1,020	8,954	23,000
Dictionaries, Encyclopaedias, Atlases.....	122,200	159,813	280,000
Books and Pamphlets n.e.s. <i>Excl. English</i> .....	3,619,003	4,621,017	7,066,000
Novels and Works of Fiction n.e.s.....	—	—	—
Books and Pamphlets n.e.s.....	469,059	226,858	283,000
<b>MAPS, GREETING CARDS AND MUSIC</b>			
Globes, Geographic Topographic and Pt.....	—	—	2,000
Charts and Maps.....	4,873	5,010	10,000
Photographs.....	684	1,505	11,000
Greeting Cards.....	9,188	3,808	2,000
Pictorial Post Cards.....	2,984	2,300	4,000
Picture Reproductions n.e.s.....	33,442	37,446	45,000
Music, Printed.....	6,299	1,944	33,000
Childrens Picture Books.....	343	—	—
<b>OTHER PRINTED MATTER</b>			
Labels, Tags and Wrappers.....	7,905	4,860	6,000
Blueprints, Plans and Designs.....	—	137,476	2,000
Decalcomania Transfers.....	2,114	—	4,000
Playing Cards in Sheets.....	—	—	—
Playing Cards in Packs.....	—	—	1,000
Paper Patterns, Printed.....	—	—	—
Tourist Literature.....	62,169	25,113	321,000
Advt. Matter for Free Distribution.....	67,008	44,139	61,000
Printed Matter n.e.s.....	57,435	62,384	135,000
	6,936,458	7,615,721	11,513,000

SOURCE: Dominion Bureau of Statistics, extracted by Graphic Arts Industries Assn.

## GRAPHIC ARTS INDUSTRIES ASSOCIATION

## GALA / AIG

## ASSOCIATION DES INDUSTRIES GRAPHIQUES

MEMBERS AS OF MAY 1, 1967 - MEMBRES, LE 1<sup>ER</sup> MAI 1967

## AFFILIATED LOCAL, REGIONAL AND NATIONAL ORGANIZATIONS

ASSOCIATIONS LOCALES, RÉGIONALES ET NATIONALES  
QUI SONT AFFILIÉES

L'Association des Maîtres-Imprimeurs de  
Montréal Inc.  
L'Association Patronale des Arts Graphiques de  
Québec  
Atlantic Provinces Graphic Arts Association  
Calgary Graphic Arts Association  
Canadian Lithographers' Association (Windsor-  
London-Hamilton-Toronto-Ottawa-Montreal-  
Halifax)  
Canadian Printing Ink Manufacturers' Association  
Council of Printing Industries, Toronto  
East Central Ontario Graphic Arts Association

Employing Printers' Association of Montreal, Inc.  
Graphic Arts Association of British Columbia  
Graphic Arts Industries Association, Edmonton  
Branch  
Graphic Arts Industries Association, West Central  
Ontario Branch  
Graphic Arts Industries Association of Winnipeg  
Hamilton & District Graphic Arts Association  
Niagara Peninsula Graphic Arts Association  
Saskatchewan Graphic Arts Association  
Southwestern Ontario Graphic Arts Association

## ACTIVE MEMBERS BY REGIONS FROM EAST TO WEST

## MEMBRES ACTIFS PAR RÉGION DE L'EST À L'OUEST

## ATLANTIC PROVINCES GRAPHIC ARTS ASSOCIATION

Acadia Printing Ltd., Moncton  
Art Craft Press, Saint John  
Atherton Printing Ltd., Lancaster  
Atlantic Print Ltd., Halifax  
Barnes-Hopkins Ltd., Saint John  
Brodie Printing Service Ltd., Glace  
Bay, N.S.  
Colpitts The Stationer, Moncton  
Commercial Printers Ltd., Sydney  
R. H. Davis & Co., Yarmouth, N.S.  
Globe Printing Co., Saint John  
Halcraft Printing Ltd., Halifax  
Herald Stationers Ltd., North Sydney,  
N.S.

Kentville Publishing Co. Ltd., Kentville  
N.S.  
Keystone Printing & Litho Ltd., Saint  
John  
LeBlanc Printing Co., Sydney  
Lynk Printing Service, Sydney  
Maritime Press Ltd., Moncton  
Maritime Publishing Co., Sussex, N.B.  
McCurdy Printing Co., Halifax  
Moncton Publishing Co. Ltd., Moncton  
Howard Neill The Printer, Saint John  
Northern Light Ltd., Bathurst, N.B.  
F. M. O'Neill & Co., Halifax  
Positive Plates Ltd., Saint John

Robertson Print-Craft, New Waterford,  
N.S.  
Rolph-Clark-Stone Eastern Ltd., Halifax  
Royal Print & Litho Ltd., Halifax  
Saint John Vocational School, Saint John  
Skerry & Leonard Co. Ltd., Armadale,  
N.S.  
Tribune Press Ltd., Sackville, N.B.  
Truro Printing & Publishing Co., Truro,  
N.S.  
Type & Composition Service, Moncton  
H. W. Wilson Printing Co. Ltd.,  
Fredericton

## L'ASSOCIATION PATRONALE DES ARTS GRAPHIQUES DE QUÉBEC

L'Action Sociale Ltée, Québec  
Angers & Frère Engr., Québec  
Ateliers Optima, Québec  
Audet Photogravure Inc., Québec  
L. G. Chabot Inc., Québec  
Charrier & Dugal Inc., Québec  
Chateau Frontenac, Québec  
Joseph Clermont Inc., Québec  
Composition Québec Typesetters Inc.,  
Québec  
J. B. Deschamps Inc., Québec  
Les Éditions Marquis Ltée, Montmagny  
Enveloppe Québec Ltée, Québec  
Roger Faber Engr., Loretteville  
Louis Fréchette, Québec  
Gravel Photogravure Engr., Québec  
Guay & Frères Engr., Lévis  
Imprimerie Marc Boiteau Inc., Québec

Imprimerie Commerciale Ltée, Québec  
Imprimerie Fernand Engr., Ste-Anne-de-  
Beaupré  
Imprimerie Industrielle, Québec  
Imprimerie J. L. M. Inc., Québec  
Imprimerie Laflamme Ltée, Québec  
Imprimerie Laurentide, Loretteville  
Imprimerie Médéric Parent, Québec  
Imprimerie Provinciale Engr., Québec  
Imprimerie Québec Métropolitain Inc.,  
Québec  
Imprimerie Royale Engr., Québec  
Imprimerie Sainte-Croix, Sainte-Croix  
Imprimerie Veilleux Ltée, Québec  
Imprimerie Vitray Engr., Québec  
L'Imprimeur Engr., Charlesbourg  
L'Imprimeur Raymond Lemay Inc.,  
Québec

Labiberté & Frère Engr., Québec  
Litho Presses Inc., Québec  
Mono-Lino Service Inc., Québec  
T. J. Moore & Cie Ltée, Québec  
Office d'Information et Publicité, Québec  
Photogravure Artistique Inc., Québec  
Photo-Lithographie Inc., Québec  
Presses de l'Université Laval, Ste-Foy  
Québec Newspapers Ltd., Québec  
Émile Robitaille, Québec  
St. Lawrence Paper Bag Co., Ltd.,  
Québec  
La Semaine Commerciale Engr., Québec  
Stellar Publications Inc., Québec  
Tremblay & Dion Inc., Québec  
Au Vestement du Livre, Loretteville



## L'ASSOCIATION DES MAÎTRES-IMPRIMEURS DE MONTRÉAL, INC.

Artistic Press Reg'd., Montréal  
Ateliers des Sourds-Muets, Montréal  
Ateliers Paul Ltée, Montréal  
Ateliers Roger Press Ltée, Montréal  
Bilodeau, Inc., St-Michel  
J. Bouchard, Inc., Montréal  
Bou langer Inc., Montréal  
Yvon Boulanger Ltée, Montréal  
City Printing & Lithographing, Montréal  
Composition Typofilm, Inc., Montréal  
De Guise Reglage & Reliure, Montréal  
Roger Désautels Ltée, Montréal  
Pierre DesMarais, Inc., Montréal  
Eugène Doucet Ltée, Montréal  
Editions Fides, Montréal  
Film Titles Reg'd, Montréal  
C. Galarneau & Cie, Montréal  
D. Gratton Ruling & Bookbinding Inc., Montréal  
Imprimerie Artistique Engr., Montréal  
Imprimerie Atwater Engr., Montréal  
Imprimerie R. Bayard, Montréal  
Imprimerie Bourguignon Ltée., Montréal  
Imprimerie Champlain Engr., Montréal  
Imprimerie Claude Engr., Montréal  
Imprimerie Comet, Montréal  
Imprimerie Desjardins, Ste-Adèle-en-bas

Imprimerie Edouard Dion, Montréal  
Imprimerie Tomet, Inc., Montréal  
Imprimerie Economique, Montréal  
Imprimerie Falcon, Montréal  
Imprimerie Ferrol, Montréal  
Imprimerie Gibraltar, Montréal  
Imprimerie Hebdo Inc., Montréal  
Imprimerie Jacques-Cartier Inc., Ville St-Michel  
Imprimerie Judiciaire Engr., Montréal  
Imprimerie Lemieux, Montréal  
Imprimerie A. Marchand, Montréal  
Imprimerie Raymond Massie, Montréal  
Imprimerie du Messenger, Montréal  
Imprimerie Multiple, Montréal  
Imprimerie R. M. H. Printing, Montréal  
Imprimerie Richelieu Ltée, Montréal  
Imprimerie Royale Ltée, Montréal  
Imprimerie Saint-Joseph, Montréal  
Imprimerie Maurice Simard, Montréal  
Imprimerie Simon Ltée, Montréal  
Imprimerie Sylvain Engr., Montréal  
Imprimerie Thibault, St-Antoine des Laurentides  
Imprimerie Lucien Trempe, Montréal  
Imprimerie Vaillancourt, Montréal  
Imprimerie Wilco, Montréal

Imprimerie Youville, Montréal  
Laplante & Langevin Inc., Montréal  
Librairie Beauchemin Ltée, Montréal  
Lidec Inc., Montréal  
Lithographie Saint-Paul Ltée, Montréal  
Maison H. Roy Ltée, Montréal  
Métropole Lithographing Inc., Montréal  
Monat & Bleau Ltée, Montréal  
Montreal Printing Reg'd., Montréal  
Paul Paradis Inc., Montréal  
Paradis-Vincent Ltée, Montréal  
Progress Printing, Montreal  
Publitech, Montréal  
Réglage Riendeau Ruling, Montréal  
Richelieu Roto-Litho, St-Jean  
J. Émile Roy & Fils, Montréal  
Jacques Sénécal Engr., Montréal  
Service d'Imprimerie Duro, Montréal  
Service Inter Ltée, Montréal  
E. Thérien & Fils Ltée, Montréal  
Thérien Frères Ltée, Montréal  
Typographie Éclair, Montréal  
Typographie Métro, Montréal  
Vae Off-Set & Printing Co., Montréal  
Villemaire Frères Ltée, Montréal

## EMPLOYING PRINTERS' ASSOCIATION OF MONTRÉAL, INC.

Alliance Press Ltd., Montreal  
Apex Press Ltd., Montreal  
Art Bookbinding & Loose Leaf Co., Montreal  
Barwick & Son Ltd., Montreal  
Belgrave Press Ltd., Montreal  
Brown Press Ltd., Lachine  
Cameo Crafts Inc., Montreal  
Canadian Printing & Lithographing Co. Ltd., Montreal  
Century Press Ltd., Montreal  
Churchill Press Ltd., Montreal  
Clen-Mathers Press Ltd., Montreal  
Condor Printing Inc., Montreal  
C. R. Cornell Ltd., Montreal  
Crites & Riddell Ltd., Montreal  
Desbarats Printing Co. Ltd., Montreal  
Pierre DesMarais Inc., Montreal  
Ditto (Quebec) Ltd., Montreal  
Fred F. Esler Ltd., Montreal  
Ever Ready Tag & Label Co. Ltd., Montreal  
Fast Typesetters of Canada Ltd., Montreal  
Forrest Lithographing Ltd., Montreal  
Gazette Printing Co. Ltd., Montreal

Herald-Woodward Press Inc., Montreal  
Hufford Printers Ltd., Montreal  
International Railway Publishing Co. Ltd., Montreal  
Jonerin Co. Inc., Verdun  
Knight Graphics Ltd., Montreal  
John Lovell & Son Ltd., Montreal  
Manning Hobbs Press Ltd., Montreal  
McLean Bros. Ltd., Montreal  
Mercury Press Co., Montreal  
Metcalfe Robinson Printing Service Ltd., Montreal  
Metro Graphic Corp., Montreal  
Modern Binding Ltd., Montreal  
Mono Service Inc., Montreal  
Montreal Bindery Service Ltd., Montreal  
O-A-S Limited, Montreal  
Page-Sanger Printing Co. Ltd., Sherbrooke  
Wm. F. Palmer Ltd., St. Lambert  
Payette & Payette Inc., St. Jean  
Peck Printing Co., Montreal  
Perry Printing Ltd., Montreal  
Plow & Waters Ltd., Montreal  
Powter's Printing Ltd., Montreal  
Prestige Graphics Ltd., Ville St-Michel

Rapid Press Ltd., Montreal  
Regal Ticket & Printing, Montreal  
Mac Roberts Press Inc., Montreal  
Robson Printers Ltd., Montreal  
Rolph-Clark-Stone-Benallack Division of Rolph-Clark-Stone Ltd., Montreal  
Ronalds-Federated Ltd., Montreal  
Gordon W. Ross Ltd., LaSalle  
Scotia Ticket Printing Ltd., Verdun  
Simpson Press Ltd., Montreal  
The Southam Printing Co., Ltd., Montreal  
George Sully (1958) Ltd., Montreal  
Super Press Inc., Montreal  
Taylor Printing & Mailing Ltd., Montreal  
Typographic Service Co. Ltd., Montreal  
University Press of New Brunswick, Fredericton, N.B.  
The Upton Co. Ltd., Montreal  
Victoria Press Ltd., Montreal  
Villemaire Frères Ltée, Montreal  
Wade Reproduction Services Inc., Montreal  
Wallace Press Ltd., Montreal

## OTTAWA REGION—DIRECT MEMBERS

Akins Printing Limited, Ottawa  
Beauregard Press Limited, Ottawa  
British American Bank Note Co. Ltd., Ottawa  
Campbell Reproductions Ltd., Ottawa

Canadian Bank Note Co. Ltd., Ottawa  
R. L. Crain Ltd., Ottawa  
Dept. of Public Printing & Stationery, Ottawa  
Dominion Loose Leaf Co. Ltd., Ottawa

Lowe-Martin Co. Ltd., Ottawa  
Mutual Press Ltd., Ottawa  
National Printers Ltd., Ottawa  
Noffke Press, Ottawa  
The Runge Press Ltd., Ottawa  
The Waltham Press Ltd., Ottawa

## EAST CENTRAL ONTARIO GRAPHIC ARTS ASSOCIATION

Almey Press, Trenton  
Arjay Printers, Oshawa  
Barrie Press Ltd., Barrie  
Bo-Plan Photo Engraving Co. Ltd., Kingston  
Brooklin Bulletin Publishing Co., Brooklin  
Canada Year Book Services, Whitby  
John Deyell Ltd., Lindsay

Richard Ellis Printing, Belleville  
General Printers Ltd., Oshawa  
Guide Publishing Co., Ltd., Port Hope  
Haynes Printing Co., Cobourg  
The Lindsay Paper Box Co., Lindsay  
Magill Business Systems Ltd., Oshawa  
Maracle Press Ltd., Oshawa  
Maxwell Printers & Lithographers Ltd., Peterborough

Midland Printers, Midland  
The Napanee Beaver, Napanee  
Ontario Intelligencer Ltd., Belleville  
The Picton Gazette Printing Co., Picton  
Review Printing Co. Ltd., Peterborough  
The Stayner Sun, Stayner  
Stubley Printing, Orillia

TORONTO REGION—DIRECT MEMBERS

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Anthes Business Systems Ltd., Toronto  
 Artistic Stationery Co. Ltd., Toronto  
 Auty Printing Ltd., Port Credit  
 Baker, Gurney & MacLaren Press Ltd., Toronto  
 T. H. Best Printing Co. Ltd., Don Mills  
 Blackhall & Co. Ltd., Toronto  
 Bolander & Co. Ltd., Toronto  
 Brigdens Ltd., Toronto  
 The Brown Brothers Ltd., Toronto  
 The Bryant Press Ltd., Toronto  
 Canada Binding Ltd., Toronto  
 Canadian Charts & Supplies Ltd., Oakville  
 Cape & Co. Ltd., Toronto  
 Carswell Co. Ltd., Toronto  
 Charters Publishing Co., Brampton  
 Consolidated Graphics Ltd., Don Mills  
 Cooper & Beatty, Limited, Toronto  
 Copeland-Chatterson Ltd., Brampton  
 Croft Printers Ltd., Toronto  
 Data Business Forms Ltd., Malton  
 Davis & Henderson Ltd., Don Mills  
 Atwell Fleming Printing Co. Ltd., Toronto

Fullerton-Weston Publishing Ltd., Don Mills  
 W. J. Gage Ltd., Scarborough  
 C. F. Houghton Ltd., Scarborough  
 Houstons Standard Publications Ltd., Toronto  
 Howarth & Smith Monotype Ltd., Toronto  
 Howell Printing Co. Ltd., Toronto  
 Litho-Print Ltd., Toronto  
 M & S Printers Ltd., Toronto  
 Macdonald-Downie Ltd., Toronto  
 Maclean-Hunter Publishing Co. Ltd., Toronto  
 Marnoch Office Supply Ltd., Don Mills  
 McCorquodale & Blades (Printers) Ltd., Toronto  
 Millprint Corporation Ltd., Toronto  
 Mono Lino Typesetting Co. Ltd., Toronto  
 Morris Graphics Ltd., Toronto  
 Newsome & Gilbert Ltd., Toronto  
 Noble Scott Co. Ltd., Toronto  
 Northern Miner Press Ltd., Toronto  
 Offset Print & Litho Ltd., Don Mills

The Printing House, Toronto  
 Redi-Set Business Forms Ltd., Don Mills  
 E. S. & A. Robinson (Canada) Ltd., Leaseide  
 Rolph-Clark-Stone Ltd., Toronto  
 Ronalds Lithographers & Printers Ltd., Toronto  
 Rous & Mann Press Ltd., Toronto  
 The Ryerson Press, Toronto  
 The Salvation Army Printing & Publishing House, Toronto  
 Service Typesetting Ltd., Toronto  
 Southam • Murray, Weston  
 Swan Service Ltd., Toronto  
 Thorn Press, Don Mills  
 The Toronto Star Ltd., Toronto  
 University of Toronto Press, Toronto  
 VISIrecord of Canada Ltd., Toronto  
 Wallace-Davey Industries Ltd., Toronto  
 Welch & Quest Ltd., Toronto  
 West Toronto Printing House Ltd., Toronto  
 Willow Press, Toronto

HAMILTON & DISTRICT GRAPHIC ARTS ASSOCIATION

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Graham Baldock Printing, Hamilton  
 City Linotyping Co., Hamilton  
 City Press, Hamilton  
 Cloke & Son Ltd., Hamilton  
 Davis-Lisson Ltd., Hamilton  
 The Fairclough Printing Co., Hamilton  
 J. H. French & Co. Ltd., Hamilton

Frid-Mullin Ltd., Hamilton  
 Glen Gray Printing Co., Hamilton  
 W. L. Griffin Ltd., Hamilton  
 Griffin & Richmond Co., Hamilton  
 Grimsby Independent Ltd., Grimsby  
 Halton Press, Burlington

Hamilton Ruling & Bindery Service Ltd., Hamilton  
 Hughes & Wilkins Ltd., Hamilton  
 Kidner Printing Co., Ltd. Hamilton  
 McDonald Printing Co. Inc., Hamilton  
 Moore Printery Ltd., Hamilton  
 Walsh Printing Service, Hamilton

NIAGARA PENINSULA GRAPHIC ARTS ASSOCIATION

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Advance Printing Co., St. Catharines  
 Bertie Printers, Stevensville  
 Citizen Press Ltd., Port Colborne  
 Commercial Photo Copy Service, St. Catharines  
 Horton Steel Works Ltd., Fort Erie  
 Industrial Printers, Fort Erie  
 Johnson Press, Niagara Falls

Gordon Kaumeyer Industries Ltd., Chippawa  
 F. H. Leslie Ltd., Niagara Falls  
 Lincoln Graphics Ltd., St. Catharines  
 Lindsay Press Ltd., Niagara Falls  
 Manning Press, St. Catharines  
 Moss Press, Port Colborne  
 Niagara Offset Ltd., Niagara Falls  
 Pakfold Continuous Forms Ltd., Niagara Falls

Peninsula Press, St. Catharines  
 The Renown Printing Co. Ltd., Niagara Falls  
 Rewbury Printing Co., Welland  
 Rockel Job Printing Ltd., Welland  
 Super Service Rubber Plate Co., Port Colborne  
 Welland Printing Co., Welland  
 Williamson & Lalonde, St. Catharines

## NEW MEMBERS SINCE MAY 1, 1967

### ATLANTIC PROVINCES GRAPHIC ARTS ASSOCIATION

Bridgewater Bulletin, Bridgewater, N.S.  
Cape Breton Printers, Sydney, N.B.  
Centennial Print & Litho Ltd., Fredericton, N.B.

Sentinel Printing Ltd., Yarmouth, N.S.  
Williams & Crue Limited, Summerside, P.E.I.

### L'ASSOCIATION DES MAÎTRES-IMPRIMEURS DE MONTRÉAL, INC.

Les Entreprises Gérard Engr., Montreal  
Imprimerie Electra, Montreal

Lith-O-Graphic, Montreal

### EMPLOYING PRINTERS' ASSOCIATION OF MONTREAL, INC.

Dennison Mfg. Co. of Canada Ltd., Montreal

Laurain Printing Limited, Montreal

### EAST CENTRAL ONTARIO GRAPHIC ARTS ASSOCIATION

The Canadian Register Ltd., Kingston

### TORONTO REGION—DIRECT MEMBERS

Artercraft Printing Co. Ltd., Toronto  
Associated Printers Limited, Toronto  
Bell Offset Printing Ltd., Toronto  
Benson-Kingsway Typesetting Co., Toronto  
Burd-Barrett Limited, Toronto  
Clarke Lithographing Ltd., Rexdale  
Cornish & Wimpenny Ltd., Toronto  
Fullerton Typesetting Ltd., Toronto  
Haig Continuous Forms Ltd., Toronto

C. E. Hunter Printing (Toronto) Ltd., Toronto  
Miln-Bingham Limited, Toronto  
Paramount Typesetting Co. Ltd.  
Reliable Bookbinders Ltd.  
Sampson-Matthews, Limited, Don Mills  
Sanderson Binding Ltd., Toronto  
Service Graphics Ltd., Toronto  
Wareham & Hutton Ltd., Toronto  
Wilson Publishing Co. of Toronto Ltd.

### HAMILTON & DISTRICT GRAPHIC ARTS ASSOCIATION

Phil Aggus & Son Ltd., Hamilton  
Hamilton Litho Arts Ltd., Hamilton  
Hamilton Typesetting Limited, Hamilton

Hunt Printing Studio, Hamilton  
Thompson Printing Co., Hamilton

### NIAGARA PENINSULA GRAPHIC ARTS ASSOCIATION

Dunnville Printery, Dunnville  
G. A. Moggride Co. Ltd.

Rainbow Colour Plate Service

### GRAPHIC ARTS INDUSTRIES ASSOCIATION, WEST CENTRAL ONTARIO BRANCH

Fastforms Ltd., Guelph

John Kerr & Sons Limited, Galt

### GRAPHIC ARTS INDUSTRIES ASSOCIATION OF WINNIPEG

Reid & Ebner Limited

### CALGARY GRAPHIC ARTS ASSOCIATION

Apache Superior Printing Ltd., Calgary

### GRAPHIC ARTS INDUSTRIES ASSOCIATION, EDMONTON BRANCH

Home Label Manufacturers Ltd., Edmonton

Mercantile Press Ltd., Edmonton



**GRAPHIC ARTS ASSOCIATION OF BRITISH COLUMBIA**

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Blaine Trade Bindery Ltd., Vancouver  
Hazeldine Press Ltd., Vancouver  
Kingsway Quick Printers, Ltd., Vancouver  
Rapid Print Ltd., Vancouver

Security Printing Corp., Ltd., Vancouver  
Roy L. Shilvoek Ltd., Vancouver  
Smith Lithograph Co. Ltd., Richmond  
Uneeda Printers Ltd., Vancouver

**OTHER AREAS—DIRECT MEMBERS**

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United Western Printing, Brandon, Man.

Alex Wilson Publications Ltd., Dryden, Ont.

**G.A.I.A. NATIONAL SUPPLIERS' SECTION**

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**ASSOCIATE MEMBERS OF AFFILIATED ASSOCIATIONS**

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Teese & Persse, Saskatoon

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Ltd., London**GRAPHIC ARTS INDUSTRIES ASSOCIATION, WEST CENTRAL ONTARIO BRANCH —**

Allon Print-Craft Ltd., Kitchener  
Anderson Press, Guelph  
The B-H Press Ltd., Stratford  
Bean Printing & Publishing Co. Ltd.,  
Waterloo  
Brant Litho Ltd., Brantford  
Burnell Binding & Printing, Guelph  
Chowhan Printers & Lithographers,  
Brantford  
Commercial Print Craft Ltd.,  
Woodstock  
Commercial Printers, Stratford  
Exeter Times-Advocate, Exeter

Galt Printers Ltd., Galt  
Guelph Printing Service, Guelph  
Huddleston & Barney Ltd.,  
Woodstock  
Hurley Printing Co. Ltd., Brantford  
International Artcrafts Co. Ltd.,  
Stratford  
Kelso Printing Co., Guelph  
John Kerr & Sons Ltd., Galt  
Kitchener Printing Service, Kitchener  
C. E. Knowles Printing Co., Galt  
Listowel Publishers Ltd., Listowel  
Melrex Printing, Paris

Mercantile Press, Brantford  
Mirror Press Ltd., Stratford  
Moyer Printing Co. Ltd., Brantford  
Paris Printing Co., Paris  
Pearce Publishing Co., Simcoe  
Phibbs Printing Ltd., St. Thomas  
Progress Printing Co. Ltd., Preston  
Reeve Press Ltd., Kitchener  
T & T Press, Hespeler  
A. Talbot Ltd., London  
Thompson Printing, Paris  
The Wallace Printing Co., Guelph

**SOUTHWESTERN ONTARIO GRAPHIC ARTS ASSOCIATION**

Border Press, Windsor  
Commercial Printing Co., Windsor  
Curtis Co. Ltd., Windsor  
Eppert Printing Ltd. (Maple Leaf  
Press)

Jacques Printing, Windsor  
Lacasse Printing, Windsor  
Modern Press, Windsor  
Planet Printing Co., Chatham  
Summer Printing & Publishing Co.  
Ltd., Windsor

University Press, Windsor  
Walkerville Printing Co. Ltd.,  
Windsor  
Windsor Print & Litho, Windsor

**GRAPHIC ARTS INDUSTRIES ASSOCIATION OF WINNIPEG**

Baker & Sons Ltd., Winnipeg  
Bulman Bros. Ltd., Winnipeg  
Canadian Publishers Ltd., Winnipeg  
Derksen Printers Ltd., Steinbach  
Duha Printers Ltd., Winnipeg  
D. W. Friesen & Sons Ltd., Altona  
Garry Press Ltd., Winnipeg

Henderson Directories Ltd., Winnipeg  
Hignell Printing Ltd., Winnipeg  
Ketchen Printing Co., Winnipeg  
Kingdon Printing Co., Winnipeg  
Kromar Printing Co. Ltd., Winnipeg  
The Public Press Ltd., Winnipeg  
Regent Press Ltd., Winnipeg

Saults & Pollard Ltd., Winnipeg  
Spartan Printing Ltd., Winnipeg  
Stovel-Advocate Press Ltd., Winnipeg  
Systems Equipment Ltd., Winnipeg  
Universal Printers Ltd., Winnipeg  
Wallingford Press Ltd., Winnipeg  
Western Business Forms Ltd., Winnipeg  
Zenith Printing Co. Ltd., Winnipeg

**SASKATCHEWAN GRAPHIC ARTS ASSOCIATION**

A B C Printing, Saskatoon  
Allied Printers Ltd., Regina  
Business Printers Ltd., Regina  
Caxton Printing Ltd., Regina  
Central Press (1953) Ltd., Regina  
Commercial Printers Ltd., Regina  
Craft Litho Ltd., Saskatoon

A. Hargreaves Co. Ltd., Saskatoon  
The Houghton Boston Press, Saskatoon  
Mercury Printers Ltd., Saskatoon  
Mid-West Litho Ltd., Saskatoon  
Modern Press, Saskatoon  
Paper & Stationers Ltd., Regina  
Peerless Printers, Regina

Printcraft Ltd., Regina  
Saskatchewan Gov't Printing Co.,  
Regina  
Service Printing Co. Ltd., Regina  
Weyburn Review, Weyburn  
The World Spectator, Moosomin

**CALGARY GRAPHIC ARTS ASSOCIATION**

Albertan Job Press Ltd., Calgary  
Alcraft Printing Ltd., Calgary  
Atomic Press Ltd., Calgary  
Burnand Printing Co. Ltd.,  
Calgary Photo Engraving Ltd.,  
Calgary  
Canniff Printing Ltd., Calgary  
Commercial Printers (Calgary) Ltd.,  
Calgary  
Continuous Forms (Alberta) Ltd.,  
Calgary  
Economy Bookbindery Co. Ltd.,  
Calgary

Fletcher Printing Co. Ltd., Red Deer  
Foothill Printers Ltd., Calgary  
Graphic Arts Western Ltd., Calgary  
Humphries Printing Ltd., Calgary  
Kent Job Printers, Calgary  
Kyle Printing Ltd., Calgary  
Marshall & Donlevy Printing Ltd.,  
Calgary  
Val Marshall Printing Limited,  
Medicine Hat  
John D. McArA Ltd., Calgary  
Milder Printing Ltd., Calgary  
Modern Photo-Lith Services Ltd.,  
Calgary

Northwest Printing & Lithographing  
Ltd., Calgary  
Offset Service Co. Ltd., Calgary  
Phoenix Press Co. Ltd., Calgary  
Rainbow Lithographers Ltd., Calgary  
Reliable Typesetters, Calgary  
Robins Printing Co. Ltd., Lethbridge  
Universal Engravers Ltd., Calgary  
W. J. Trade Bindery, Calgary  
West Canadian Graphic Industries  
Ltd., Calgary  
Western Printing & Lithographing Co.  
Ltd., Calgary

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**GRAPHIC ARTS INDUSTRIES ASSOCIATION, EDMONTON BRANCH**


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A B C Press, Edmonton  
 Atlas Book Bindery, Edmonton  
 Bradburn Printers Ltd., Edmonton  
 Bulletin Printers Ltd., Edmonton  
 Coles Printing Co. Ltd., Edmonton  
 Commercial Printers Ltd., Edmonton  
 Co-Op Press Ltd., Edmonton  
 Douglas Printing Co. Ltd., Edmonton

Graphic Arts Western Ltd., Edmonton  
 Industrial Printing & Litho Ltd.,  
 Edmonton  
 Jasper Printing Ltd., Edmonton  
 Metropolitan Printing Co., Edmonton  
 Modern Press Ltd., Edmonton  
 Moore Printing Co. Ltd., Edmonton  
 Peerless Printers, Edmonton

Pioneer Press, Edmonton  
 Preston Press, Edmonton  
 Reliable Printing Co. Ltd., Edmonton  
 Roberts Ltd., Edmonton  
 Speedfast Printers, Edmonton  
 La Survivance, Edmonton  
 Willis Printing & Lithographing Co.  
 Ltd., Edmonton

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**GRAPHIC ARTS ASSOCIATION OF BRITISH COLUMBIA**


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Agency Press Ltd., Vancouver  
 Anderson Printing Co. Ltd., Vancouver  
 Belkin Paper Box Ltd., Richmond  
 Benwell-Atkins Ltd., Vancouver  
 Bindon's Ltd., Vancouver  
 J. W. Boyd Ltd., Vancouver  
 Brock Webber Printing Co. Ltd.,  
 Vancouver  
 Cariboo Observer, Quesnel  
 Coast Colour Reproductions, Vancouver  
 College Printers, Vancouver  
 Columbian Craftsman Printers, New  
 Westminster  
 DeLong Printing Ltd., Chilliwack  
 Duncan & Cowichan Leader, Duncan

Economy Printers & Mailers, Vancouver  
 Evergreen Press Ltd., Vancouver  
 Farwest Lithograph Ltd., Vancouver  
 Gehrke Stationery & Printing Co.,  
 Vancouver  
 Grant-Mann Lithographers Ltd.,  
 Vancouver  
 A. Hazeldine Printing Co., Vancouver  
 Horizon Publications Ltd.,  
 North Vancouver  
 Keystone Business Forms Ltd.,  
 Vancouver  
 Leno-Whimster Printing Ltd., Nelson  
 Mills Printing & Stationery Co. Ltd.,  
 Vancouver

Mitchell Press Ltd., Vancouver  
 Murphy Stationery Co. Ltd., Vancouver  
 Nicholson Printing Co. Ltd., Vancouver  
 Price Printing Ltd., Vancouver  
 Prince George Printers, Prince George  
 The Richardson Press Ltd., Vancouver  
 G. A. Roedde Ltd., Vancouver  
 Shears Printing Ltd., Vancouver  
 Oswalt Smith Print & Litho Ltd.,  
 Vancouver  
 Talax Printing Ltd., Vancouver  
 Vancouver Printers Ltd., Vancouver  
 Vancouver Stationers Ltd., Vancouver  
 Wayside Press Ltd., Vernon  
 Williams & Mackie Ltd., Vancouver

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**OTHER AREAS—DIRECT MEMBERS**


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The Advance Publishing Co.,  
 Liverpool, N.S.  
 The Blackmore Printing Co.,  
 Grand Falls, Nfld.  
 Colonist Printers Ltd., Victoria, B.C.  
 Drummond Business Forms Ltd.,  
 Drummondville, Que.

Fort Frances Times, Fort Frances, Ont.  
 Journal Printing Company, Sudbury,  
 Ont.  
 Northern Printing Co., Timmins, Ont.  
 Pakfold Western Ltd., Brandon, Man.  
 The Porcupine Advance, Timmins, Ont.

Richardson, Bond & Wright Ltd.,  
 Owen Sound, Ont.  
 Richelieu Roto-Litho, St-Jean, Que.  
 Temiskaming Printing Co., New  
 Liskeard, Ont.



## MEMBERS—G.A.I.A. NATIONAL SUPPLIERS' SECTION

## MEMBRES—DIVISION DES FOURNISSEURS, A.I.G.

Robert Allworth Ltd., Toronto,  
Montreal, Calgary, Winnipeg  
Anglo Paper Products Ltd., Toronto  
Ashton Press Mfg. Co. Ltd., Montreal  
The Ault & Wiborg Co. of Canada Ltd.,  
Toronto, Montreal, Winnipeg, Calgary,  
Vancouver  
Booth Supply Ltd., Toronto, Montreal,  
Winnipeg  
Buntin Reid Paper Co., Toronto,  
London, Ottawa  
Canada Paper "Wholesale" Ltd.,  
Toronto  
Canada Printing Ink Co., Toronto,  
Montreal, Winnipeg, Edmonton,  
Vancouver  
Canadian Fine Color Co., Toronto,  
London, Montreal  
Canadian Linotype Ltd., Toronto,  
Montreal, Halifax, Ottawa, London,  
Winnipeg, Calgary, Vancouver  
Columbia Finishing Mills, Ltd.,  
Cornwall, Ont.  
W. V. Dawson Ltd., Montreal, Toronto

Domtar Ltd. (Howard Smith Div.),  
Montreal and branches  
Du Pont of Canada Ltd., Montreal,  
Toronto  
The E. B. Eddy Company, Hull,  
Quebec  
Federal Paper Co. Ltd., Montreal  
Fine Papers Ltd., Toronto, North Bay  
Fine Papers London Ltd., London,  
Hamilton, Windsor  
General Printing Ink Corp. of Canada  
Ltd., Toronto, Montreal, London,  
Winnipeg  
Harris-Intertype (Canada) Ltd., Don  
Mills, Ont., Montreal  
T. Havill Paper Co. Ltd., Montreal  
Koenig & Bauer Ltd., Scarborough,  
Ont.  
Latimer Ltd., Toronto, Montreal,  
Vancouver  
Lawson-McMullen-Victoria Limited,  
Ottawa, Ont.  
MGD Canada Ltd., Don Mills, Ont.  
Manton Printing Inks Ltd., Toronto,  
Montreal

Minnesota Mining & Mfg. of Canada  
Ltd., London  
Monotype Co. of Canada Ltd., Toronto  
Perma-Flex Industries Ltd., Toronto  
Provincial Paper Ltd., Toronto &  
branches  
Rolland Paper Co. Ltd., Montreal &  
branches  
Sears Ltd., Toronto, Montreal, Quebec,  
Ottawa, Hamilton, London, Winnipeg,  
Regina, Calgary, Edmonton,  
Vancouver  
Simcoe Paper & Binders Supply Co.,  
Toronto  
Sinclair & Valentine Co. of Canada Ltd.,  
Toronto, Montreal, Quebec, Hamilton,  
London, Winnipeg, Calgary,  
Edmonton, Vancouver  
Sydney R. Stone Ltd., Toronto  
Stroud-Bridgeman Press Ltd., Toronto  
& McKellar, Ont.  
United Paper Mills Ltd., Toronto,  
Hamilton, London  
The Wilson-Munroe Co. Ltd., Toronto,  
Montreal

## ASSOCIATE MEMBERS OF AFFILIATED ASSOCIATIONS

## MEMBRES ASSOCIÉS DES ASSOCIATIONS AFFILIÉES

*N.B.—The affiliations of the associate members of local and regional groups are indicated by the small capitals after their names. The key which follows explains the abbreviations. (Note that five groups do not have associate members)*

*N.B.—Les affiliations des membres associés des groupes locaux et régionaux sont indiquées par les petites majuscules qui suivent leurs noms. La légende suivante indique les abréviations. (Veuillez noter que cinq groupes n'ont pas de membres associés)*

QUE	L'Association Patronale des Arts Graphiques de Québec
AMI	L'Association des Maîtres-Imprimeurs de Montréal, Inc.
EPA	Employing Printers' Association of Montreal, Inc.
ECO	East Central Ontario Graphic Arts Association
HAM	Hamilton & District Graphic Arts Association
NIAG	Niagara Peninsula Graphic Arts Association
WCO	West Central Ontario Graphic Arts Association
SASK	Saskatchewan Graphic Arts Association
CALG	Calgary Graphic Arts Association
BC	Graphic Arts Association of British Columbia

Anglo Canadian Pulp and Paper Mills Limited, Quebec, QUE  
The Ault & Wiborg Co. of Canada Ltd., Toronto.  
NIA-G-QUE-WCO  
Barber-Ellis of Canada Ltd., Toronto & branches.  
ECO-HAM-NIAG-WCO-SASK-CALG-BC  
Blaine Trade Bindery Ltd., Vancouver, BC.  
Blair-Behnen Ltd., Vancouver, BC  
British American Bank Note Co., Ottawa. EPA  
Buntin-Gillies & Co., Ltd., Hamilton. HAM-NIAG-WCO  
Buntin Reid Paper Co., Ltd., Toronto.  
ECO-HAM-WCO-NIAG  
Cal/Ink Chemical Co. of Canada, Vancouver. BC  
Canada Printing Ink Co. Ltd., Toronto. QUE  
Canadian Bank Note Co., Ottawa. EPA  
Canadian Fine Color Co., Toronto. ECO-QUE

Canadian Linotype Ltd., Toronto & branches.  
QUE-EPA-ECO-WCO-HAM-NIAG-CALG-BC  
Canadian Paper "Wholesale" Ltd., Toronto. ECO  
Christie Chemical Co. Ltd., Montreal. QUE  
Cleland-Kent Western Ltd., Vancouver. BC  
Coast Paper Co., Vancouver. BC  
Commercial Litho Plate Graining Ltd., Montreal. QUE  
Cossette & Associés, Quebec. QUE  
R. H. Cowie Sales Ltd., Calgary. CALG  
Crown Zellerbach Paper Co., Vancouver & branches.  
SASK-CALG-BC  
W. V. Dawson Ltd., Montreal, Toronto. AMI  
Didde-Glaser Inc., New York. EPA  
Domtar Ltd. (Howard Smith Div.), Montreal & branches.  
QUE-EPA-AMI-WCO-BC

- Dymet Ltd., Montreal. EPA  
 Eastman Photographic Materials Ltd., Calgary. CALG  
 The E. B. Eddy Co., Hull. QUE-BC  
 Équipement d'Art Graphique de Québec Ltée, Quebec. QUE  
 Fairchild Graphic Equipment, Scarborough. QUE  
 Federal Paper Co., Ltd., Montreal. EPA  
 Federated Metals Canada Ltd., Toronto. ECO  
 Fine Papers Ltd., Toronto. NIAG  
 Fine Papers London Ltd., London. NIAG-HAM-WCO  
 W. J. Gage Ltd., Scarborough. WCO  
 Globe Envelopes Ltd., Toronto. HAM-WCO  
 Globe Envelopes Western Ltd., Regina. SASK  
 Graphic Industries Ltd., Vancouver. BC  
 The Fred W. Halls Paper Co. Ltd., Toronto. WCO  
 Hamilton Litho Arts, Hamilton. HAM  
 Hamilton Ruling & Bindery Service Ltd., Hamilton.  
 NIAG-WCO  
 Harris-Intertype (Canada) Ltd., Don Mills, Ontario & Montreal.  
 QUE-EPA-AMI-WCO  
 T. Havill Paper Co., Ltd., Montreal. EPA-AMI  
 Hilroy Envelopes & Stationery Ltd., Toronto & branches.  
 ECO-NIAG-WCO-CALG  
 Hoechst Chemicals Co., Montreal. QUE  
 I.B.M. Graphic Products Division, Don Mills. ECO  
 Ingraham Offset Plate Ltd., Hamilton. HAM  
 Island Paper Mills Ltd., Vancouver. BC  
 Kolok Pacific Carbon & Ribbon, Vancouver. BC  
 Kruger Paper Co., Ltd., Montreal. AMI  
 Latimer Ltd., Toronto. ECO-BC  
 Lauzier Paper Ltd., Montreal. EPA-AMI-QUE  
 M. Lemieux Inc., Quebec. QUE  
 T. B. Little Papers Ltd., Montreal. EPA-AMI-QUE  
 MacMillan, Bloedel Ltd., Vancouver. BC  
 MacPhail Engravers Ltd., Kitchener. WCO  
 McFarlane, Son & Hodgson Ltd., Montreal. EPA-AMI  
 Manton Printing Inks Ltd., Toronto. NIAG  
 Mid-West Paper Ltd., Winnipeg. SASK-CALG  
 Monarch Papers Typesetting Co., Ltd., Toronto. ECO  
 Mono-Lino Typesetting Co., Ltd., Toronto. ECO  
 Montreal Envelope Inc., Montreal. AMI  
 Morgan Adhesives of Canada Ltd., Brampton, Ont. QUE  
 National Paper Goods Ltd., Hamilton. HAM-NIAG  
 Northwest Engravers Ltd., Vancouver. BC  
 Paste-Up Services Ltd., Vancouver. BC  
 Perma-Flex Industries Ltd., Toronto. ECO  
 Le Petit Journal, Montréal. AMI  
 Photogravure Ideal Inc., Montréal. AMI  
 Pioneer Envelopes Ltd., Vancouver. BC  
 Printing Equipment of Canada, Montréal. AMI  
 Printing Papers Ltd., Saskatoon. SASK  
 "The Printing Review", Montreal. EAP  
 Provincial Paper Ltd., Toronto. QUE-EPA-AMI  
 The Reader's Digest Assn. of Canada Ltd., Montreal. EPA  
 J. S. Robertson Reg'd., Montreal. EPA  
 Rolland Paper Co., Ltd., Montreal. QUE-EPA-AMI-BC  
 La Cie J. B. Rolland & Fils, Montréal. QUE-AMI  
 Schmidt Printing Inks of Canada Ltd., Toronto. EPA-HAM  
 Sears Ltd., Toronto & branches.  
 QUE-EPA-AMI-ECO-HAM-NIAG-WCO-CALG-BC  
 Roy L. Shilvock, Ltd., Vancouver. BC  
 Sinclair & Valentine Co. of Canada Ltd., Toronto.  
 QUE-EPA-AMI-CALG  
 Smith, Davidson & Lecky Ltd., Calgary. CALG-BC  
 Springer Engraved Stationery Ltd., Vancouver. BC  
 Geo. M. Stewart Ltd., Montreal. EPA-AMI-QUE  
 Sydney R. Stone Ltd., Toronto. HAM-NIAG  
 Trade Engraving Co. Ltd., Vancouver. BC  
 Pierre Tremblay & Associés, Quebec. QUE  
 Tri-Graphic Engravers, Regina. SASK  
 L. P. Turgeon & Fils, Québec. QUE  
 United Paper Mills, Ltd., Toronto. ECO-HAM-NIAG  
 Vancouver Pacific Paper Ltd., Vancouver. BC  
 Vancouver Typesetting Co., Ltd., Vancouver. BC  
 Victoria Paper Co. Ltd., Scarborough. ECO  
 W. P. T. Typesetting Ltd., Guelph. WCO  
 Western Engraving Co., Vancouver. BC  
 Whyte-Hooke Paper Ltd., Toronto. ECO-NIAG-WCO  
 The Wilson Munroe Co., Toronto, Montreal. EPA-AMI  
 Zenith Engraving Co., Ltd., Vancouver. BC

## APPENDIX "Q"

Canadian Paper Trade Association  
55 York Street, Toronto,  
Canada—Telephone 363-8374

November 8, 1968

Mr. David Maclellan,  
General Manager,  
Graphic Arts Industries,  
Suite 906, Fuller Bldg.,  
75 Albert Street,  
Ottawa 4, Ontario.

Dear Mr. Maclellan:

We appreciate being given the opportunity to examine a copy of the submission being made by your Association to the House of Commons Standing Committee on Finance, Trade and Economic Affairs in respect of the draft anti-dumping act and proposed regulations.

The Canadian Paper Trade Association, for the wholesale paper merchants comprising its membership, endorses fully the points generally covered in your submission, and specifically

—The vulnerability of the graphic arts to import competition as evidenced by the high level of printed materials imported, not exceeded by any other nation regardless of population.

—The need for full and practical consideration to be given in examining and determining "normal value" with due regard to the more limited requirements of the Canadian market in comparison with larger producing countries.

—To avoid undue delay in considering situations which may involve "material injury" arising from the fact that the individual company or trade has not the facility or expert knowledge to produce or develop evidence essential to the purpose.

We hope that the hearing may prove to be most informative. If in any way we can assist in your preparations, please ask.

Yours Faithfully,

Ivan Moffit,  
Secretary.



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OFFICIAL REPORT OF MINUTES  
OF  
PROCEEDINGS AND EVIDENCE

This edition contains the English deliberations and/or a translation into English of the French.

Copies and complete sets are available to the public by subscription to the Queen's Printer. Cost varies according to Committees.

Translations under the direction of the Bureau for Translations, Secretary of State.

ALISTAIR FRASER,  
*The Clerk of the House.*

OFFICIAL BILINGUAL ISSUE  
(see panel on back cover)

HOUSE OF COMMONS

First Session  
Twenty-eighth Parliament, 1968

STANDING COMMITTEE  
ON

FINANCE, TRADE  
AND  
ECONOMIC AFFAIRS

FASCICULE BILINGUE OFFICIEL  
(voir au verso du fascicule)

CHAMBRE DES COMMUNES

Première session de la  
vingt-huitième législature, 1968

COMITÉ PERMANENT  
DES

FINANCES, DU COMMERCE  
ET DES  
QUESTIONS ÉCONOMIQUES

Chairman: Mr. Gaston Clermont

Président: M. Gaston Clermont

MINUTES OF PROCEEDINGS  
AND EVIDENCE

No. 10

TUESDAY, NOVEMBER 19, 1968

Respecting  
White Paper on Anti-dumping

Witnesses:

From the Canadian Textiles Institute: Messrs. Eric Hehner, Consultant; C. S. Malone, President, *Chemcell Ltd.*; E. F. King, President, *Dominion Textile Co. Ltd.*; G. Payette, Canadian Co-Director, United Textile Workers of America; B. Demers, Quebec Director, United Textile Workers of America. From the Canada Japan Trade Council: R. L. Houston, Executive Director; Geoffrey Wasteneys, Consultant. From the Department of National Revenue (Customs and Excise): A. R. Hind, Assistant Deputy Minister. From the Department of Finance: C. D. Arthur, International Economics Relation Division.

PROCÈS-VERBAUX ET  
TÉMOIGNAGES

N° 10

RÉUNIONS DU  
MARDI 19 NOVEMBRE 1968

Concernant  
Le Livre blanc sur l'antidumping

Témoins:

Représentant l'Institut canadien des textiles: MM. Eric Hehner, conseiller; C. S. Malone, président, *Chemcell Ltd.*; E. F. King, président, *Dominion Textile Co. Ltd.*; G. Payette, co-directeur pour le Canada des Ouvriers Unis des Textiles d'Amérique; B. Demers, directeur de l'Union des Ouvriers du textile d'Amérique pour le Québec. Représentant le Conseil du commerce canado-japonais: MM. R. L. Houston, directeur général; Geoffrey Wasteneys, conseiller. Représentant le ministère du Revenu national (Douanes et Accise): M. A. R. Hind, sous-ministre adjoint. Du ministère des Finances: M. C. D. Arthur, Division des relations économiques internationales.

ROGER DUHAMEL, F.R.S.C.  
Queen's Printer and Controller of Stationery  
Imprimeur de la reine et contrôleur de la papeterie  
Ottawa, 1968



STANDING COMMITTEE ON  
FINANCE, TRADE  
AND  
ECONOMIC AFFAIRS

COMITÉ PERMANENT DE LA  
FINANCE, DU COMMERCE  
ET DES  
QUESTIONS ÉCONOMIQUES

*Chairman:* Mr. Gaston Clermont

*Président:* M. Gaston Clermont

*Vice-Chairman:* Mr. Alastair Gillespie  
and Messrs.

*Vice-président:* M. Alastair Gillespie  
et MM.

Blair,  
Burton,  
Comtois,  
Danson,  
Downey,  
Emard,  
Flemming,  
Gauthier,

<sup>2</sup>Gillespie,  
Givens,  
Gray,  
Hales,  
Harkness,  
<sup>1</sup>Howard (*Okanagan-  
Boundary*),

Lambert (*Edmonton  
West*)  
Latulippe,  
Roberts,  
Saltsman,  
Trudel—(20)

*La secrétaire du comité,  
Dorothy F. Ballantine,  
Clerk of the Committee.*

<sup>1</sup>Replaced Mr. Perrault on November 19,  
1968.

<sup>1</sup>Remplace M. Perrault, le 19 novembre  
1968.

<sup>2</sup>Replaced Mr. Noël on November 19,  
1968.

<sup>2</sup>Remplace M. Noël le 19 novembre  
1968.

ORDER OF REFERENCE

TUESDAY, November 19, 1968.

*Ordered*,—That the names of Messrs. Howard (*Okanagan Boundary*) and Gillespie be substituted for the names of Messrs. Perrault and Noël on the Standing Committee on Finance, Trade and Economic Affairs.

ATTEST

ORDRE DE RENVOI

Le MARDI 19 novembre 1968

*Il est ordonné*,—Que les noms de MM. Howard (*Okanagan Boundary*) et Gillespie soient substitués à ceux de MM. Perrault et Noël sur la liste des membres du comité permanent des finances, du commerce et des questions économiques.

ATTESTÉ

*Le Greffier de la Chambre des communes,*

ALISTAIR FRASER

*Clerk of the House of Commons.*





(Text)

## MINUTES OF PROCEEDINGS

TUESDAY, November 19, 1968

(13)

The Standing Committee on Finance, Trade and Economic Affairs met at 11.10 a.m. this day, the Chairman, Mr. Clermont, presiding.

*Members present:* Messrs. Burton, Clermont, Danson, Emard, Flemming, Gauthier, Gray, Hales, Harkness, Lambert (Edmonton West), Noël, Roberts, Saltsman, Trudel—(14).

*Also present:* Messrs. Gillespie, Howard (Okanagan Boundary), Portelance and Ritchie.

*In attendance: Representing the Canadian Textiles Institute:* Messrs. Eric Hehner, Consultant; C. S. Malone, President, Chemcell Ltd.; E. F. King, President, Dominion Textile Co. Ltd.; B. Demers, Quebec Director, Textile Works' Union of America; G. Payette, Canadian Co-Director, United Textile Workers of America; W. M. Berry, President and J. I. Armstrong, General Manager, Canadian Textiles Institute.

*Also in attendance: From the Department of National Revenue (Customs and Excise):* Messrs. A. R. Hind, Assistant Deputy Minister; H. D. MacDermid, Chief, Valuation Section; M. T. Keam, Director, Customs Appraisal Division. *From the Department of Finance:* C. D. Arthur, International Economics Relation Division.

The Chairman announced that in future the Proceedings of this Committee will be published in a bilingual edition.

The Committee resumed consideration of the White Paper on Anti-Dumping and the representatives of the Canadian Textiles Institute were called and introduced.

In accordance with the resolution passed on October 24, 1968 the Textiles Institute brief is included herewith as Appendix R.

(Traduction)

## PROCÈS-VERBAUX

Le MARDI 19 novembre 1968

(13)

Le Comité permanent des finances, du commerce et des questions économiques se réunit à 11 h. 10 du matin sous la présidence de M. Clermont.

*Présents:* MM. Burton, Clermont, Danson, Émard, Flemming, Gauthier, Gray, Hales, Harkness, Lambert (Edmonton-Ouest), Noël, Roberts, Saltsman, Trudel—(14).

*Aussi présents:* MM. Gillespie, Howard (Okanagan Boundary), Portelance et Ritchie.

*Et aussi: Représentant l'Institut canadien des textiles:* MM. Eric Hehner, conseiller; C. S. Malone, président, Chemcell Ltd.; E. F. King, président, Dominion Textile Co. Ltd.; B. Demers, directeur de l'Union des Ouvriers du textile d'Amérique pour le Québec; G. Payette, co-directeur pour les Canada des Ouvriers Unis des Textiles d'Amérique; W. M. Berry, président, et J. I. Armstrong, gérant général de l'Institut canadien des textiles.

*Et aussi: Du ministère du Revenu national (Douanes et Accise):* MM. A. R. Hind, sous-ministre adjoint; H. D. MacDermid, chef, Section de l'évaluation; M. T. Keam, directeur, Section de l'appréciation aux douanes. *Du ministère des Finances:* C. D. Arthur, Division des relations économiques internationales.

Le président annonce qu'à l'avenir, les délibérations du Comité seront publiées dans une édition bilingue.

Le Comité reprend l'étude du Livre blanc sur l'antidumping et on entend les représentants de l'Institut canadien des textiles.

Conformément à la résolution adoptée le 24 octobre 1968, le mémoire de l'Institut canadien des textiles figure à l'appendice R.

Mr. Hehner made an opening statement, copies of which were distributed to the members.

The Committee then proceeded to study the brief, section by section, and Mr. Hehner was questioned. Mr. Hind and Mr. Arthur also commented on matters brought to their attention.

The questioning continuing, at 12.55 p.m. the Committee adjourned until this afternoon.

## AFTERNOON SITTING

(14)

The Committee resumed at 3.35 p.m., the Chairman, Mr. Clermont, presiding.

*Members present:* Messrs. Clermont, Danson, Emard, Gauthier, Gillespie, Givens, Hales, Harkness, Howard (*Okanagan Boundary*), Roberts, Saltsman, Trudel—(12).

*Also present:* Messrs. Portelance and Ritchie.

*In attendance: Representing the Canadian Textiles Institute:* The same as at the morning sitting.

*Also in attendance:* The same government officials as at the morning sitting.

Mr. King read a telegram from the *Fédération Canadienne des Travailleurs du Textile* and the *Confederation of National Trade Unions (CSN)* endorsing the brief presented by the Textiles Institute.

Messrs. Payette and Demers made statements explaining the reasons for their Unions joining with the Textiles Institute in presenting the brief.

Questioning was resumed and Messrs. Hehner, Hind and Arthur answered questions directed to them.

The presentation of the Textiles Institute brief was concluded by comments from Messrs. Malone and King.

The Chairman thanked the witnesses who then withdrew.

At 5.45 p.m. the Committee adjourned until 8.00 p.m.

M. Hehner fait une déclaration liminaire dont des exemplaires sont remis aux membres du Comité.

Le Comité passe alors à l'étude du mémoire, paragraphe par paragraphe, et M. Hehner répond aux questions. MM. Hind et Arthur expriment aussi leur avis sur les questions portées à leur attention.

Comme l'interrogatoire se poursuit. A midi cinquante-cinq, le Comité décide de s'ajourner à l'après-midi.

## SÉANCE DE L'APRÈS-MIDI

(14)

Le Comité reprend ses délibérations à 3 h. 35 de l'après-midi sous la présidence de M. Clermont.

*Présents:* MM. Clermont, Danson, Émard, Gauthier Gillespie, Givens, Hales, Harkness, Howard (*Okanagan Boundary*), Roberts, Saltsman, Trudel—(12).

*Aussi présents:* MM. Portelance et Ritchie.

*Et aussi:* Représentant l'Institut canadien des textiles: les mêmes personnes que ce matin.

*Et aussi:* Les mêmes hauts fonctionnaires du gouvernement que ce matin.

M. King lit un télégramme de la *Fédération canadienne des travailleurs du textile* et de la *Confédération des syndicats nationaux (CSN)* endossant le contenu du document de l'Institut des textiles.

MM. Payette et Demers expliquent pourquoi leurs syndicats se sont joints à l'Institut pour présenter le mémoire.

La période des questions reprend et MM. Hehner, Hind et Arthur répondent aux questions.

La présentation du mémoire de l'Institut se termine avec les commentaires de MM. Malone et King.

Le président remercie les témoins qui se retirent.

A 5 h. 45 de l'après-midi, le Comité s'ajourne jusqu'à 8 heures du soir.

## EVENING SITTING

(15)

The Committee resumed at 8.15 p.m., the Chairman, Mr. Clermont, presiding.

*Members present:* Messrs. Blair, Burton, Clermont, Danson, Emard, Gillespie, Hales, Harkness, Howard, (*Okanagan Boundary*), Lambert (*Edmonton West*), Trudel—(11).

*In attendance: Representing the Canada-Japan Trade Council:* Mr. R. L. Houston, Executive Director; Mr. Geoffrey Wasteney, Consultant.

*Also in attendance:* The same government officials as at the morning and afternoon sittings.

Messrs. Houston and Wasteney were called and introduced by the Chairman. Mr. Houston made an opening statement and he and Mr. Wasteney were questioned.

Messrs. Hind and Arthur also answered questions.

The questioning being concluded, the Chairman thanked the witnesses who then withdrew.

At 9.25 p.m., the Committee adjourned until 11.00 a.m., Thursday, November 21, 1968.

*La secrétaire du Comité,  
Dorothy F. Ballantine,  
Clerk of the Committee.*

## SÉANCE DU SOIR

(15)

Le Comité reprend son travail à 8 h. 15 du soir sous la présidence de M. Clermont.

*Présents:* MM. Blair, Burton, Clermont, Danson, Émard, Gillespie, Hales, Harkness, Howard (*Okanagan Boundary*), Lambert (*Edmonton-Ouest*), Trudel—(11).

*Et aussi: Représentant le Conseil du commerce canado-japonais:* M. R. L. Houston, directeur général; M. Geoffrey Wasteney, conseiller.

*Et aussi:* Les mêmes hauts fonctionnaires du gouvernement que ce matin.

Le président présente MM. Houston et Wasteney. M. Houston fait un exposé et répond aux questions en compagnie de M. Wasteney.

MM. Hind et Arthur répondent aussi à des questions.

L'interrogatoire étant terminé, le président remercie les témoins qui se retirent alors.

A 9 h. 25 du soir, le Comité s'ajourne jusqu'à 11 heures de l'avant-midi le jeudi 21 novembre 1968.





[Text]

## EVIDENCE

(Recorded by Electronic Apparatus)

Tuesday, November 19, 1968.

• 1110

**The Chairman:** Gentlemen, I will begin the meeting. As you are no doubt aware beginning this morning there will not be two publications of our Proceedings, one in English and one in French. Instead we will have only one publication and it will be bilingual, so may I ask you to address yourselves to the microphones. May I also suggest to the witnesses and the officials of the Department, if it is possible, when you refer to a statute or a clause in the Bill that you mention the page number. For instance if you were referring to clause 15 of the White Paper would you mention the page you are referring to.

This morning we have as witnesses the following groups: the Textile Workers' Union of America, with one representative from Don Mills, Ontario and one from Hamilton, Ontario, and the Canadian Textiles Institute. May I introduce Mr. Malone, who is head of the delegation, and I will ask him to introduce the individuals with his delegation.

**Mr. C. S. Malone (President, Chemcell Ltd.):** Thank you, Mr. Chairman. Gentlemen we wish to thank you for the opportunity of appearing before you here today. This submission on the White Paper on Anti-Dumping is made by the Canadian Textiles Institute, which represents the Canadian textile industry as you can ascertain; by the Textile Workers' Union of America; the United Textile Workers of America and the Confederation of National Trade Unions.

Representing the Canadian Textiles Institute are Mr. G. L. Bruck, President of Bruck Mills Ltd.; Mr. E. F. King, President of Dominion Textile Co. Ltd.; Mr. W. M. Berry, President, Canadian Textiles Institute and Mr. J. I. Armstrong, General Manager of the Canadian Textiles Institute, and myself, Mr. C. S. Malone, President of Chemcell Ltd.

Our brief today will be presented by Mr. Eric Hehner, he will act as our spokesman and co-ordinator. I would like to call on Mr. King at this time to introduce the members of the various unions who are here.

[Interpretation]

## TÉMOIGNAGES

(Enregistrement électronique)

[Interprétation]

**Le président:** Messieurs, vous savez sans doute qu'à partir de ce matin, il n'y aura pas deux publications, une en français et une en anglais, du compte rendu. Nous n'aurons qu'une publication bilingue. Je vous demanderais, par conséquent, de parler directement dans les microphones. Si possible, je vous demanderais, M. Malone ou M. Arthur, lorsque vous vous reportez à un statut ou à une disposition de la Loi, de mentionner le numéro de la page. Lorsque vous parlez de la page 15 du Livre blanc, par exemple, spécifiez la page à laquelle vous référez.

Ce matin, nous entendrons les témoins suivants: l'Union des travailleurs du textile d'Amérique, dont un des représentants est de Don Mills, Ontario, et l'autre de Hamilton, Ontario et l'Institut canadien des textiles. M. Malone est le chef de la délégation et je lui demanderais de présenter ses collègues.

**M. C. S. Malone (président, Chemcell Ltée):** Messieurs, nous vous remercions de l'occasion qui nous est donnée de comparaître devant vous aujourd'hui. La présentation de ce Livre blanc sur l'antidumping est faite par l'Institut canadien des Textiles qui représente l'industrie du textile au Canada; aussi par les Ouvriers unis des Textiles d'Amérique et la Confédération des syndicats nationaux.

Pour représenter l'Institut canadien des textiles, M. G. L. Bruck, président de Bruck Mills Ltd; M. E. F. King, président Dominion Textile Co. Ltd. Monsieur Bruck, voulez-vous vous lever, s'il vous plaît? Monsieur King? M. W. M. Berry, président de l'Institut canadien des textiles, M. J. I. Armstrong, gérant général, Institut canadien des textiles et moi-même, C. S. Malone, président de Chemcell Ltd.

Notre mémoire sera présenté par M. Eric Hehner, qui sera notre porte-parole et notre coordinateur. Je demanderais à M. King de vouloir bien présenter les membres des divers syndicats, ici présents.

[Text]

**Mr. E. F. King (President, Dominion Textile Co. Ltd.):** Thank you, Mr. Malone. Mr. Chairman and gentlemen, I am very happy to have this opportunity to appear here with the group from the Canadian Textiles Institute and with the unions concerned with the industry. I have had long and varied experience with the problems created by dumping and with the measures involved in trying to contain that dumping.

We from the industry look on this really as of extreme importance both to the continuance of the present industry and the future of the industry. I cannot emphasize too greatly the importance on the future both from the point of view of capital investment and the maintenance of employment. The administration of this new dumping law is going to be of vital importance to the industry both from the management and the labour point of view.

I think that members of the Committee, sir, would be interested in getting a little background on what we in the industry have been doing over the past two or three years to try to arrive at some common point of view between management and the labour unions involved in the industry.

● 1115

About two years ago, as Chairman of the Industrial Relations Committee of the Canadian Textiles Institute, I was empowered by the Institute to form a committee which would be comprised of the heads of the various textile unions, the UTWA, the TWUA and the CNTU, along with representatives from top management of industry.

We have met several times over the past two years to discuss problems of general interest from all angles of the industry. We, of course, many, many times do not agree, and I guess that is one of the things that will probably prevail over the years.

On the other hand I think we have done a lot for each other in getting to know each other and putting some of our problems on the table. I am very happy today we are in concert with the management of the industry, and the representatives of the unions.

We have with us today, and I would like to introduce to the members, sir, Mr. B. Demers of the TWUA, on my far right and Mr. George Payette of the UTWA. We should have with us representatives of the CNTU, but perhaps due to weather conditions they have been delayed and will put in an appearance later.

[Interpretation]

**M. E. F. King (président, Dominion Textile Company Ltd.):** Merci, monsieur Malone. Monsieur le président, messieurs, je suis très heureux d'avoir eu l'occasion de venir ici avec le groupe de l'Institut canadien des textiles et les syndicats intéressés dans cette industrie. J'ai eu une longue expérience des problèmes créés par le dumping et des mesures prises pour le contrôler.

Dans l'industrie, nous considérons cette réunion comme en étant une de très grande importance tant pour le maintien de l'industrie que pour son avenir. Je ne saurais trop insister sur l'importance de cet avenir tant au point de vue des investissements que de l'emploi. L'administration de cette nouvelle loi sur l'antidumping est d'importance vitale pour l'industrie, et pour les patrons et pour les ouvriers.

Je pense que les membres de votre Comité seraient heureux d'entendre un peu quelques détails sur notre expérience depuis quelques années pour en arriver à un point de vue commun entre les patrons et les syndicats intéressés dans cette industrie.

Il y a environ deux ans, en qualité de président du comité des relations extérieures de l'Institut canadien des textiles, j'ai été chargé par l'Institut de former un comité composé des chefs des divers syndicats des textiles dont la Confédération des syndicats nationaux, l'Union des ouvriers du textile d'Amérique, et les Ouvriers unis des Textiles d'Amérique et les représentants supérieurs de l'industrie. Nous avons tenu plusieurs réunions au cours des deux dernières années pour parler de problèmes d'intérêt général à tous les points de vue. Nous ne sommes pas toujours d'accord et c'est probablement une des choses qui se produira encore pendant quelques années.

Nous allons faire beaucoup, de part et d'autre, pour venir à mieux nous connaître et à discuter nos problèmes. Je me réjouis d'être parmi vous aujourd'hui. Nous avons, en plus des représentants du patronat, des représentants des syndicats.

Nous avons avec nous aujourd'hui, et j'aimerais les présenter à votre Comité, monsieur le président, tout d'abord à ma droite M. Demers, de l'UOTA, et M. Payette de l'OUTA. Les représentants du CSN devraient également être parmi nous, mais sans doute est-ce dû aux intempéries, ils ont été retardés, ils viendront peut-être plus tard.



## [Texte]

Perhaps Mr. Payette and Mr. Demers have other members of their organizations present whom they would like to introduce.

**Mr. B. Demers (Quebec Director, Textile Workers' Union of America):** I would like to introduce Clare Easto, Manager of the Southwestern Joint Board, and Mr. Vic Skurjat, Manager of the Toronto Joint Board.

**M. G. Payette (directeur conjoint des Ouvriers unis des textiles d'Amérique):** Je regrette de constater que je suis le seul représentant de notre union ici. M. William Foley qui est directeur conjoint canadien et M. Vernon Mustard, représentant international de notre union, n'ont pu venir, étant retenus ailleurs pour des raisons sérieuses découlant de leurs activités syndicales.

**Mr. Eric Hehner (Consultant, Canadian Textiles Institute):** Mr. Chairman and members of the Committee, our written submission filed in advance deals clause by clause with the draft anti-dumping act. These detailed points are of importance and not susceptible to summarization. However we will make a brief statement of our over-all views with respect to the proposed legislation.

Adequately administered, the new draft legislation has a potential for greater effectiveness for both Canadian industry and for importers than the existing legislation. The wording of our present legislation has prevented the application of dumping duties to dumped imports, which have in fact caused or threatened injury to existing industries, or have materially retarded establishment of new production. It should in fairness also be said that under the existing legislation, in some cases dumping duties have been applicable even though no injury has been caused. Also there have been loopholes which have made it impossible to apply dumping duties, where warranted, because of legal technicalities. It has been easy to arrange transactions in such a manner that the intent of the law was frustrated. Efforts appear to have been made to provide in the new law for these situations.

Having said that the proposed new anti-dumping Act has a *potential* for more effective application of dumping duties than the existing law, it must also be stated that the form of the proposed law requires a much greater degree of administrative vigilance and effort, with more exercise of administrative

## [Interprétation]

Peut-être M. Payette et M. Demers auraient-ils d'autres membres de leur association à nous présenter?

**M. B. Demers (directeur pour la région de Québec de l'Union des Ouvriers du Textile d'Amérique):** J'aimerais vous présenter M. Clare Easto, gérant du Southwestern Joint Board et de M. Vic Skurjat, gérant du Toronto Joint Board.

**Mr. George Payette (Canadian Co-Director, United Textile Workers of America):** I am sorry I am the only one to represent our union here. Mr. William Foley, who is a Canadian Co-Director and Mr. Vernon Mustard, who is the International Representative of our union, were unable to attend, being detained elsewhere due to pressing union business.

**M. Eric Hehner (conseiller Institut canadien des textiles):** 1. Notre soumission écrite en ce qui concerne le code anti-dumping, qui a été déposée à l'avance, traite chaque article séparément. Les sujets étudiés en détail sont de très grande importance et il est peu probable qu'ils soient résumés. Nous vous donnerons, cependant, un bref rapport de nos points de vue en ce qui concerne la loi proposée.

2. Le nouveau projet de loi, administré d'une façon adéquate, a un potentiel d'un plus grand effet et pour l'industrie canadienne et les importateurs que la présente législation. Les termes de la présente législation ont empêché l'application des droits de dumping sur certaines importations qui ont été déversées et qui ont, en effet, causé ou failli causer des dommages aux industries déjà existantes, ou qui ont matériellement retardé l'établissement d'une nouvelle production. En toute franchise nous devrions aussi vous dire que dans certains cas sous la présente législation, des droits de dumping ont été appliqués même si aucun dommage n'avait été causé. Il y a eu aussi quelques cas où il a été impossible d'appliquer les droits de dumping jugés nécessaires à cause de certaines techniques légales. L'arrangement très facile de certaines transactions d'une telle façon pour contourner la législation a aussi empêché l'application des droits. Il semble que des efforts ont été faits dans ce nouveau projet afin de remédier à ces situations.

3. Nous avons déjà dit que le projet du code anti-dumping a un potentiel d'application de droits de dumping plus grand que la formule de la loi proposée demande un plus haut degré de vigilance administrative, d'effort et un plus grand exercice de jugement que le présent acte. Les changements

## [Text]

judgment, than our existing statute. This is not just a case of technical changes in the law. The changes required by the Code are fundamental, basic and sweeping.

## • 1120

We now have an individual transaction basis to establish the fact of dumping, with a consequent imposition of dumping duties in the case of goods of a class or kind made in Canada, a system developed during six decades of experience. We must now move to a concept of injury, of an industry, and of dealing with all dumped imports of a given kind rather than just goods imported under a particular customs entry. Because of the new restrictions on retroactivity, the element of speed in administration has assumed vital importance. Errors caused by delay in forming opinions, and taking action, are no longer retrievable. If there is not an effective administration of the new law, we will have nothing.

We reiterate this point. We feel it is the most important aspect.

The new law will require a fundamental reorganization of the customs administration in order to conform to the new functions and the new powers, if we are to have the quick and effective application of anti-dumping duties which has been stated to be government policy. It is not sufficient to have a law with good potential. The principle of quick and effective application of anti-dumping duties, where there is injurious dumping, must be not only expressed in law, but translated into action at all stages of administration. The primary stages of deciding that an investigation of alleged or apparent injurious dumping should be initiated, and the taking of provisional measures are areas of major concern. There is, however, another aspect of administration of importance.

The scheme of the draft Bill spells out in considerable detail the definition of dumping, and the part to be played by the Customs Division in determining whether dumping is taking place. Because of this, and perhaps because the Customs Division is an existing organization represented at these hearings, discussion of the need for effective administration of the proposed new law has tended to focus on effective administration by the Customs Division in its function of discovering

## [Interpretation]

requis par le code sont essentiels, de base et englobent tout.

4. Nous avons maintenant une base de transaction individuelle pour établir l'évidence d'un cas de dumping et par conséquent appliquer l'imposition des droits dans le cas d'un déversement de marchandise de qualité ou variété semblable à la même marchandise fabriquée au Canada; ceci représente une méthode qui a été développée au cours de soixante années d'expérience. Nous devons maintenant considérer le concept de dommages à une industrie et la considération de dumping de toutes importations d'une même sorte au lieu de chaque catégorie douanière séparément.

A cause des nouvelles restrictions sur la rétroactivité, la rapidité avec laquelle ces restrictions sont mises en vigueur est d'une importance vitale. Les erreurs commises à cause des délais à se faire une opinion et à agir ne sont plus réparables. *S'il n'y a pas une administration efficace de la nouvelle loi, les négociations n'aboutiront à rien.* Nous réitérons ce point. Nous croyons que ceci est l'aspect le plus important.

5. La nouvelle loi exigera une réorganisation fondamentale de l'administration des douanes afin de se conformer aux nouvelles fonctions et aux nouveaux pouvoirs si nous devons avoir une application rapide et efficace de droits où il y a un dumping nuisible ne doit pas seulement être exprimé dans une loi mais mis en pratique à tous les stades de l'administration et en particulier aux premiers stades où nous devons instituer une enquête sur une cause apparente de dumping et dans la décision à prendre des mesures provisoires dans les causes qui nous concernent le plus.

Il semble qu'il y ait un autre aspect d'importance quant à l'administration.

6. Le bill projeté détaille la définition du mot «dumping» d'une façon très minutieuse ainsi que le rôle qu'aura à jouer la division des douanes dans le but de déterminer s'il y a dumping ou pas. A cause de ces détails et peut-être du fait que la division des douanes est une organisation déjà existante représentée à ces débats, la question du besoin d'une administration efficace de la loi projetée a eu tendance à se refléter dans le rôle de la division des douanes pour découvrir et évaluer le



## [Texte]

and measuring dumping. There has been lesser attention given to "material injury".

We hope it is accepted that the Customs Division will require only prima facie evidence that there may be injury, or threat of injury, leaving the detailed consideration of injury to the Tribunal. Very little has been said as to the criteria which will be accepted by the Tribunal as proof of material injury, or threat thereof. We agree this would be a difficult matter to try to define, and we are not suggesting that there should be a statutory definition. Nevertheless, this is too important an area to be left entirely to as yet unknown members of the Tribunal, without discussion in advance.

I would like to make an added comment that is not on the sheet we distributed. In our opinion an injury can be caused to healthy industry as well as an unhealthy industry. If dumping adversely affects an industry it should be found to be injurious dumping. Indeed, if dumping prevents an industry from improving its position this is causing an injury and should bring an injury finding. We do not think it would be a proper function of the anti-dumping Tribunal to form judgments as to the reasonableness or otherwise of the prosperity of Canadian industry. In other words it should not become a price and wage guidelines board in disguise.

To us it is injury when a dumped import takes over business which we, as Canadian producers, could supply, and consequently limits our ability to produce and to employ. This is a process which, if not dealt with, will prevent the Canadian textile industry from planning and making capital expenditures as it should.

We are disturbed at some comments which have been made from time to time on this subject of injury, and we hope your Committee will inquire into this aspect of our proposed new anti-dumping law.

## • 1125

Gentlemen that completes our brief statement of our over-all views. We are available now to answer any and all questions which you may wish to address to us arising from either this statement or the brief which we submitted in advance.

**The Chairman:** Thank you, Mr. Hehner. We also have with us Mr. C. D. Arthur from the Department of Finance and Mr. A. R. Hind, the Assistant Deputy Minister of the Department of National Revenue. As you know, the brief is divided into a number of paragraphs. Paragraphs 1 to 10 deal with general com-

## [Interprétation]

dumping. Il y a eu moins d'importance accordé au «préjudice matériel».

7. Nous espérons que vous approuverez le fait que la division des douanes n'exige que les preuves de première vue de dommages ou possibilité de dommages et que l'enquête détaillée soit laissée au tribunal. Très peu de choses ont été dites en ce qui concerne le critère accepté par le tribunal comme preuve de menace de dommages ou de dommages. Nous sommes d'accord que ceci serait un sujet très difficile à définir et nous ne vous suggérons pas de lui donner une définition statutaire. Cependant, ce domaine est trop important pour être laissé à un tribunal dont les membres ne sont pas encore connus sans considération antérieure.

J'aimerais ajouter quelque chose qui ne fait partie du document que nous avons distribué. C'est celle-ci:

A notre avis, un préjudice peut être fait à une industrie saine aussi bien qu'à une industrie malsaine. Si le dumping fait du tort à une industrie, il sera certainement considéré comme un dumping préjudiciable, et si cela empêche l'industrie de s'améliorer, cela cause également préjudice. Nous ne croyons pas que ce soit le rôle du tribunal de l'antidumping de porter des jugements quant à l'état de prospérité de l'industrie canadienne.

En d'autres mots, le tribunal ne doit pas devenir un organisme fixant des normes.

A notre avis, il y a un préjudice lorsqu'une importation de dumping nuit au développement de l'industrie. C'est une procédure qui, si on ne l'arrête pas, empêchera l'industrie canadienne du textile de faire des projets et d'établir un programme.

Certaines personnes ont fait des commentaires sur le préjudice causé par le dumping, et nous souhaitons que vous étudiez ce sujet.

Messieurs, voilà qui est notre exposé, notre vue d'ensemble, et nous sommes prêts à répondre aux questions que vous voudrez bien nous poser, au sujet de l'exposé que je viens de vous lire ou du mémoire que nous vous avons distribué.

**Le président:** Comme vous savez, messieurs, le mémoire est divisé en articles. Nous avons également parmi nous des fonctionnaires des ministères des Finances et du Revenu national. Le mémoire est divisé en articles: les articles 1 à 10 ont trait aux commentaires d'ordre général, et si vous avez des questions



[Text]

ments. Do you have any comments to make on those paragraphs?

**Le président:** Oui, monsieur Émard.

**M. Émard:** Je voudrais demander au témoin s'il voudrait répéter la dernière phrase qu'il a dite «an injury is when dump import prevent...», je n'ai pas tellement saisi. Auriez-vous l'obligeance de répéter ce que vous avez dit en terminant.

**Mr. King:** Yes sir.

**Mr. Hehner:** Our statement was that an injury can be caused to a healthy industry as well as an unhealthy one. If dumping affects an industry adversely it should be found to be injurious dumping. I think I could express the point that concerns us in blunter words. We believe that the injury Tribunal should not look at dumping and then look at the industry and say: We think you are making a very healthy profit now, and in our opinion if dumping affects your production, and it affects your price levels, that should not be called injury; your business is too healthy to be injured.

We would express it in other terms. I just used the word "profit". If an industry is providing a high volume of employment and dumping affects the level of employment, requiring lay-offs of men by taking over business which the Canadian industry could supply, we do not think it should be the function of an anti-dumping Tribunal to say: This industry has had such a high level of employment that if it has to lay-off some people we do not really think that is causing an injury.

It may sound absurd to express it this way but this is the point we are afraid of.

We think if an injury is caused that the healthiness or otherwise of the employment level and of the profits should not enter into the judgement. The question is: Has dumping caused an injury to that industry?

**The Chairman:** Are there any questions on the first ten paragraphs?

**Mr. Gray:** Mr. Hehner, perhaps you could clarify a point for me. Naturally we want to see very high degrees of production and employment in your industry but you have also related your comment to price levels. Are you suggesting that your industry should be insulated completely from the price competition of foreign goods?

[Interpretation]

à poser à propos de ces articles, c'est le moment.

**The Chairman:** Yes, Mr. Émard?

**Mr. Émard:** I would like to ask the witness whether he would like to repeat the last sentence. I did not quite understand what he said about grounds for claiming injury. Would he please repeat what he said in the last sentence concerning dumping, and damage.

**M. King:** Oui monsieur.

**M. Hehner:** J'ai dit qu'un préjudice peut être causé à une industrie saine, aussi bien qu'à une industrie qui n'est pas trop prospère. Si le dumping cause préjudice à une industrie, il devrait être considéré comme préjudiciable.

Je crois que ce qui nous concerne ici peut s'exprimer ainsi. Nous croyons que le tribunal du préjudice ne doit pas considérer le dumping puis l'industrie et dire: «Vous faites un bon profit à l'heure actuelle, vos recettes sont bonnes, et à notre avis, si le dumping affecte votre production ou vos prix, cela ne fera pas de préjudice à votre industrie parce que vous êtes trop prospères.»

On peut l'exprimer autrement; j'ai utilisé le mot «profit», mais si, dans un district à niveau d'emploi assez élevé, le dumping affecte le niveau de l'emploi, et cause des mises à pied, je ne crois pas que ce soit le rôle du tribunal de l'antidumping de dire: «Voilà une industrie qui a un niveau si élevé d'emploi que même si certaines personnes sont mises à pied, ce n'est vraiment pas un préjudice dans leur cas.» C'est peut-être un peu ridicule de l'exprimer ainsi, mais c'est cela que nous craignons.

Nous croyons que s'il y a un préjudice, la situation financière ou le niveau d'emploi ne doivent pas entrer en ligne de compte. Il faut décider si le dumping a causé un préjudice en fait.

**Le président:** Questions à poser sur les 11 premiers articles?

**M. Gray:** J'aimerais que vous éclaircissiez ce point.

Un haut degré de production et un fort niveau d'emploi nous intéressent aussi, mais vous avez rattaché votre commentaire au niveau des prix. Laissez-vous entendre que l'industrie doit être complètement isolée de la concurrence des prix des marchandises importées?

[Texte]

**Mr. Hehner:** No sir, I am suggesting the exact opposite. We are talking about one thing only, injurious dumping. We do think this industry and all Canadian industries should be insulated from the price competition of injurious dumping.

**Mr. Gray:** Does that not beg the question?

**Mr. Hehner:** I do not think it does sir. I am not trying to beg the question at all.

**Mr. Gray:** May I interrupt for a moment? Perhaps you did not intend to but you seem to be suggesting that anything involving price competition should be defined per se as injurious dumping.

**Mr. Hehner:** No sir. I said if it is dumping. Price competition from goods that are not dumped is not subject to this legislation, and we are not suggesting it should be. We are quite definitely suggesting that if the price competition is caused by dumping and causes injury that the purpose of this legislation is to stop that particular type of competition.

• 1130

**Mr. Gray:** You go on to say that the Tribunal should decide, if there is dumping and if the effect is to cause you to lower prices to meet the competition of the goods coming in on this basis, that is, per se, injurious.

**Mr. Hehner:** I am saying that is exactly what we understand this legislation is intended to stop.

**Mr. Gray:** Even if the effect has really caused you to lower your prices to Canadian consumers and caused you to lay off people or not to make a reasonable rate of profit?

**Mr. Hehner:** Mr. Gray you have, I think, raised a very interesting point. The question of what is a reasonable rate of profit is a very difficult question to answer. As you know it varies with every industry; it varies with the degree of obsolescence of processes and the need to have heavy investment in new capital equipment.

I would not like to enter into a discussion as to whether or not there should be a government body designed to control profit levels, and designed to control wage levels. I do not think this is the matter before the Committee at the moment.

However, I am suggesting that the anti-dumping Tribunal should not turn itself into such a government body. We feel that there are only two things at issue. First, are goods

[Interprétation]

**M. Hehner:** Au contraire, nous songeons à une chose seulement, au dumping qui cause préjudice. Nous croyons que toute industrie doit être protégée contre la concurrence des prix causée par le dumping préjudiciable.

**M. Gray:** Ne me retournez-vous pas la question?

**M. Hehner:** Je ne crois pas que nous nous écartons de la question. Au contraire.

**M. Gray:** Je ne veux pas vous interrompre, mais vous semblez dire que tout ce qui a trait à la concurrence des prix doit être défini comme du dumping préjudiciable.

**M. Hehner:** Non. La concurrence des prix au sujet de marchandises ou de denrées qui ne font pas partie du dumping, ne regarde pas cette mesure législative. Mais nous disons que si la concurrence des prix est causée par le dumping et cause un préjudice, c'est l'objectif de cette mesure législative que d'empêcher ce genre de dumping.

**M. Gray:** Vous dites que le rôle du tribunal devrait être de juger s'il y a dumping, et que, si le dumping amène une baisse des prix afin de concurrencer le produit étranger, c'est du dumping préjudiciable en soi.

**M. Hehner:** Je dis que c'est précisément ça que nous entendons arrêter par la mesure législative.

**M. Gray:** Même si cela vous a obligé à réduire vos prix au consommateur et à mettre à pied de la main-d'œuvre tout en vous empêchant de réaliser un profit raisonnable?

**M. Hehner:** Monsieur Gray, vous avez soulevé un point très intéressant. La question de savoir ce qui constitue un niveau raisonnable de profit est un problème difficile à résoudre. Comme vous le savez cela varie selon l'industrie et cela dépend du niveau de désuétude des procédés de production et des besoins considérables.

Je ne voudrais pas débattre la question de savoir si nous devrions avoir un organisme du gouvernement pour contrôler le niveau des profits et des salaires. Ce n'est pas cela qui est à l'étude ici.

Mais je répète que le tribunal de l'anti-dumping ne doit pas devenir un organisme gouvernemental de ce genre. Nous croyons qu'il n'y a que deux choses à régler. Est-ce



[Text]

being dumped? This is a responsibility of the Customs and Excise Division to determine.

Second, if goods are being dumped is it dumping causing injury? This is all that the draft Bill ostensibly sets out to do. We are merely expressing the hope that the anti-dumping Tribunal restricts its activities to this activity and does not turn itself, as I say, into either a wage control body or a price control body.

**Mr. Gray:** Thank you.

**Mr. Roberts:** Just along the line of Mr. Gray's questioning, I think the real point he is getting at is: what is the concept of injury? How extensive is it? Would you agree that in the consideration of injury one should not only consider the effect on the industry concerned but also the public interest, which includes consumers and others in the economy, as well as the people applying under the legislation. Is injury to be restricted simply to the interested industry or the industry concerned, or is injury to be considered in the light of the needs of the economy as a whole including consumers?

**Mr. Hehner:** Under the functions of the injury Tribunal, I suggest that injury to the industry is the only thing being considered.

The question of overriding interests can be dealt with separately. For example, the government recently decided that certain pharmaceutical products should not be subject to dumping duty, as a matter of overriding public interest.

We feel if there are to be any decisions made on overriding public interest that they should be made by the government or by Parliament, rather than being made by a Tribunal which was ostensibly set up to fulfil one function only.

**Mr. Roberts:** So you are suggesting really that there should be a narrow interpretation of injury rather than a broad one, and that it should be limited simply to the interest of the industry concerned?

**Mr. Hehner:** This, sir, is what the Code says and this is what the Bill says.

• 1135

May I refer you, sir, to one of several clauses, and I am looking at page 46 of the White Paper, or look at page 44, if you will, at clause 4. It is the first clause dealing with the levying and collecting of dumping duties. It says:

There shall be levied, collected and paid upon all dumped goods entered into Canada

[Interpretation]

que les denrées, les marchandises sont l'objet du dumping. La direction des douanes doit déterminer cette question.

Deuxièmement, s'il y a du dumping, est-ce que ce dumping est préjudiciable? Et c'est tout ce que le projet de loi semble proposer. Nous espérons simplement que le tribunal se limitera à cette activité et ne se constituera pas en un organisme pour contrôler les prix ou les profits.

**M. Gray:** Je vous remercie.

**M. Roberts:** Je crois que le point que M. Gray veut faire ressortir c'est le concept de préjudice. En utilisant ce concept est-ce qu'on doit uniquement considérer l'effet sur l'industrie en cause ou bien tenir compte aussi de l'intérêt public, c'est-à-dire l'intérêt du consommateur et l'économie en général? Est-ce que le préjudice doit être limité seulement à l'industrie en cause ou est-ce qu'on doit tenir compte aussi du consommateur et de l'économie du pays en général?

**M. Hehner:** D'après les fonctions du tribunal je pense qu'il s'agit du préjudice à l'industrie. C'est la seule chose dont on tient compte.

Pour ce qui est de la question de l'intérêt général, c'est une question à part. Le gouvernement, par exemple a récemment décidé que certains produits pharmaceutiques ne devraient pas être sujets aux droits de dumping parce qu'il s'agissait de l'intérêt général.

Nous pensons que si l'on doit prendre des décisions au sujet de l'intérêt général, que ces décisions doivent être prises par le gouvernement et par le Parlement plutôt que par un tribunal qui a été manifestement constitué pour ne remplir qu'une seule fonction.

**M. Roberts:** Vous dites donc que le préjudice doit être interprété restrictivement et ne doit s'appliquer qu'à l'intérêt de l'industrie.

**M. Hehner:** C'est ce que le code et la loi disent.

Je me reporte à plusieurs dispositions, page 46 du Livre blanc, ou à l'article 4 en page 44 si vous le voulez. C'est le premier article qui parle de l'imposition des droits de dumping. Cet article dit:

«Il est levé, perçu et payé sur toutes les marchandises sous-évaluées entrées au Canada



## [Texte]

(a) in respect of which the Tribunal has made an order or finding, after the entry of the goods, that the dumping of the goods or of goods of the same description (i) has caused material injury to the production in Canada of like goods.

In other words it is expressed in terms of causing damage to production. The other clauses are, of course, all expressed in the same terms.

**Mr. Gray:** Mr. Hehner could you direct your attention to paragraph (b) of the Anti-Dumping Code on page 14 of the White Paper and relate what that says to your remarks?

**Mr. Hehner:** Yes sir. The Code in Article 3, paragraph (b) says:

The evaluation of injury—shall be based on examination—

If I may interpolate here, it refers to the evaluation of the effects of the dumped imports on the industry in question. This is the subject of your immediately preceding question. It goes on:

—shall be based on examination of all factors having a bearing on the state of the industry in question—

It then suggests what some of these factors are, although it is not an exclusive list.

—development and prospects with regard to turnover, market share, profits, prices—

The way I read this paragraph, sir, I may also say the way in which it has been represented to Canadian industry at large in explanations given by government officials following the publication of the Code, more than a year ago, these are factors which you should look at to make certain, if an industry is suffering injury, that the injury has been caused by dumping, and that you shall not attribute to dumping a malaise in an industry which has in fact been caused by other factors.

The fact that an industry's profits are going down; the fact that employment is going down; the fact that it is losing a share of the market; need not result from dumped imports at all. Perhaps an industry has priced its goods too high and it is losing its market by competition from lower-priced goods which are not dumped.

As I read this paragraph, to which you have directed my attention, it says to examine all of the factors and not to blame the troubles of an industry on dumping if they are attributable to some other factor.

## [Interprétation]

(a) pour lesquelles le Tribunal a rendu une ordonnance ou pris des conclusions, après l'entrée des marchandises, portant que le dumping des marchandises ou de marchandises de la même sorte, (i) a causé un préjudice sensible à la production au Canada de marchandises semblables,»

En d'autres termes on dit que le dumping doit causer un préjudice à la production. Les autres articles sont formulés dans des termes semblables.

**M. Gray:** Monsieur Hehner, voulez-vous lire l'article b) à la page 14 du Livre blanc sur l'anti-dumping et relier ce que dit cet article à ce que vous venez d'affirmer?

**M. Hehner:** Oui. Le code à l'article 3, au paragraphe b) déclare que:

L'évaluation du préjudice—se fondera sur l'examen...

Permettez-moi de vous dire qu'on y parle de l'évaluation de l'effet du dumping sur l'industrie. C'est le sujet de votre question précédente. Ensuite on dit qu'elle

se fondera sur l'examen de tous les facteurs qui influent sur la situation de ladite production.

Ensuite on continue en donnant une liste de ces facteurs. Cette liste n'est pas tout à fait complète «L'évolution et les perspectives, le chiffre d'affaires, les bénéfices, les prix etc.»

La façon dont je comprends cet article et je dirais même la façon dont on l'a expliqué à l'industrie après la publication du code, il y a plus d'un an, c'est qu'il s'agit de facteurs qui devaient être étudiés pour s'assurer que lorsqu'une industrie subit un préjudice, c'est à cause du dumping. On ne doit pas attribuer au dumping un malaise qui règne dans une industrie et qui peut avoir été causé par d'autres facteurs.

Le simple fait que les profits diminuent dans une industrie, que l'emploi diminue, que l'industrie ne parvient pas à avoir sa part des marchés ne résulte peut-être pas du dumping; peut-être que les prix sont trop élevés et peut-être que l'industrie perd ses marchés au profit de concurrents qui vendent à des prix inférieurs et non à raison de dumping.

A mon avis ce paragraphe dit qu'il faut examiner tous les facteurs et qu'il ne faut pas jeter le blâme sur le dumping pour tous les malheurs de l'industrie s'il y a d'autres facteurs en cause.

[Text]

**Mr. Gray:** If you read the balance of the paragraph I think it would help support your interpretation because it goes on to say amongst the factors to be examined are:

...export performance, employment, volume of dump and other imports, utilization of capacity of domestic industry, and productivity and restrictive trade practices. No one or several of these factors can necessarily give decisive guidance.

**Mr. Hehner:** Thank you sir, that is as I have read it, and as I say, as it has also been explained to Canadian industry at large and other interested parties in a number of very helpful briefings given by government officials trying to explain the then brand new Code.

**The Chairman:** Have you any other questions, Mr. Roberts? Mr. Harkness?

**Mr. Harkness:** In the preliminary statement you put a great deal of emphasis on the effective administration of the new law, and particularly on the speed of making a determination on whether dumping has taken place, and then speed in taking the following action in an effective manner.

On page 3 of your brief...

**The Chairman:** Which brief, Mr. Harkness?

• 1140

**Mr. Harkness:** The regular brief. On page 3 of the brief in paragraph 8 you state:

...our facilities for establishing the facts promptly have been inadequate.

Then in paragraph 10:

One essential to investigations is an improved mechanism for the determination of value abroad.

How do you think the facilities for establishing the facts promptly have been inadequate? How do you think this and the way in which investigations need to be carried on can be improved?

In other words, what steps do you suggest should be taken as far as the Department of National Revenue is concerned in order to enable them to determine rapidly and effectively whether a dump has taken place?

**Mr. Hehner:** I think, sir, they have been in need of more adequately dispersed staff. Mr. Hind, the Assistant Deputy Minister of the Department of National Revenue (Customs and Excise) while answering some questions asked in this Committee last week said there were some new overseas appointments being

[Interpretation]

**M. Gray:** Si vous lisez le reste de la disposition on mentionne comme facteurs à être examinés:

les résultats obtenus à l'exportation, le taux d'utilisation de la capacité de la production nationale et la productivité. Un seul ni même plusieurs de ces critères ne constitueront pas nécessairement une base de jugement déterminante.

**M. Hehner:** Je vous remercie. Je crois que j'ai bien compris cet article, lorsqu'on l'a expliqué à l'industrie en général. Nous avons eu des consultations très utiles avec les fonctionnaires du ministère lorsque l'on a établi le code.

**Le président:** Y a-t-il d'autres questions? Monsieur Roberts? Monsieur Harkness?

**M. Harkness:** Dans votre mémoire et dans la déclaration préliminaire que vous avez lue, on a beaucoup insisté sur l'administration efficace de la nouvelle loi et en particulier sur la détermination rapide du dumping et la rapidité avec laquelle on agit d'une façon efficace. A la page 3 de votre mémoire...

**Le président:** De quel mémoire s'agit-il?

**M. Harkness:** Le grand mémoire. A la page 3, article 8 vous dites: «...nos moyens d'établir les faits avec célérité n'ont pas été efficace.»

Puis au paragraphe 10:

Une condition essentielle des enquêtes, ce serait l'amélioration du mécanisme de détermination de la valeur à l'étranger.

De quelle façon pensez-vous que le mécanisme nécessaire pour déterminer rapidement le dommage sont insuffisants et comment pensez-vous que les enquêtes peuvent être faites plus rapidement ou améliorées?

Quelles sont les mesures qui doivent être prises, à votre avis, au ministère du Revenu national pour leur permettre de déterminer rapidement et avec efficacité les cas de dumping?

**M. Hehner:** Je pense qu'ils ont besoin sur place de personnel mieux distribué. M. Hind, le sous-ministre du Revenu national a répondu à certaines questions posées dans ce Comité la semaine dernière. Il a dit, entre autres qu'il fallait envoyer plus d'agents outre-mer. Mais je pense que le personnel de



## [Texte]

made. Even so, I suspect that the overseas staff of the Customs and Excise Division will be rather badly swamped. I think they have been overworked in the past and at any projected staff level of which I have knowledge, they are going to be badly overworked in the future.

I have one practical suggestion, sir. A large proportion of enquiries in the past from the Customs and Excise Division have been carried on by correspondence. With respect, I suggest they have not been vigorous enough in insisting on getting prompt replies.

We have personal knowledge of many cases where it seemed to us correspondence has been almost indefinitely protracted without the Customs and Excise Division saying as we think they properly should: "If we do not get a reply in ten days we will take action based on such knowledge and representations as have been laid before us."

To put it very bluntly, Mr. Harkness—I am making this statement, I think, with some knowledge—it has been all too easy to delay a Customs and Excise Division investigation by sending back a polite letter saying: "Mr. Smith to whom you wrote has just left on a business trip. I will draw the letter to his attention when he returns in six weeks." The matter has then been put in the Customs and Excise Division's file for a follow-up in six weeks. This is standard practice. In fact, it is almost a joke. I think the Customs and Excise Division has been too nice and too co-operative and have acted too much like nice guys.

**Mr. Harkness:** Then, your two definite suggestions in this regard are more customs officers abroad for investigatory purposes and some definite rule with regard to the time which should be allowed before a reply to correspondence would be acted upon?

**Mr. Hehner:** Yes, in fairness to the Customs and Excise Division, Mr. Harkness, may I add one comment.

Under the law as it presently exists there have been no sharp restrictions on retroactivity. It can, therefore, be said if the Customs and Excise Division did extend courtesies in allowing exporters to take their time about replying and occasionally found those courtesies abused, they have the statutory power to take action retroactively if they did finally ascertain the facts.

This is a situation, of course, that is being very sharply changed under the non-retroactive provision of the new statute as imposed

## [Interprétation]

la division des Douanes et Accises à l'étranger va être débordé. A mon avis, ils ont trop de travail et d'après ce que j'en sais, je crois qu'à l'avenir, ils le seront encore davantage.

Je dirais donc que d'une façon pratique, une grande partie des enquêtes que la division des Douanes et Accises a faites dans le passé l'ont été par correspondance. Et en toute déférence, je pense qu'ils n'ont pas été assez vigoureux, ils n'ont pas insisté assez pour obtenir une réponse prompte.

Nous avons une connaissance personnelle de plusieurs cas où il nous a semblé que la correspondance traînait en longueur sans que la division des Douanes et Accises ne prenne les mesures nécessaires, comme il se devait et dise: «Si nous n'avons pas de réponse d'ici dix jours, nous prendrons les moyens à notre disposition, en nous basant sur la connaissance des faits que nous avons».

Pour parler franchement M. Harkness, je fais cette déclaration en toute connaissance de cause, il était trop facile de retarder l'enquête du ministère en répondant poliment: «M. Smith, à qui vous avez écrit, est en voyage d'affaires. Je lui ferai part de cette lettre à son retour dans six semaines». Et la lettre a été réléguée aux oubliettes dans un classeur pour six semaines. C'est une pratique courante, c'est presque devenu farce. Je crois que le ministère du Revenu national a été trop, beaucoup trop indulgent sous ce rapport.

**M. Harkness:** Et vos deux propositions définies sous ce rapport sont donc qu'il faut plus de personnel à l'étranger pour faire des enquêtes et disons aussi qu'il faudrait un règlement au sujet du délai permis pour répondre aux demandes du ministère.

**M. Hehner:** Et j'ajouterai ceci monsieur Harkness. D'après la loi qui existe en ce moment, il n'y a pas de restrictions définies sur la rétroactivité.

On peut, par conséquent, dire que si la division des Douanes et Accises permet aux gens de retarder leurs réponses et que si l'on abuse, le ministère a le pouvoir, d'après la loi, de prendre des mesures rétroactives.

C'est une situation qui est changée définitivement d'après les nouvelles dispositions non-rétroactives de la loi, mais nous espérons seulement que la division des Douanes va changer sa ligne de conduite et reconnaîtra les conditions statutaires changées. Elle imposera des conditions très strictes et cela, au sujet



[Text]

by the Code. We are merely hoping that the Customs and Excise Division will change its administrative policy to recognize the changed statutory conditions which will govern them, will it impose fairly strict requirements for prompt replies and be prepared to take prompt action without those replies if the information is not furnished promptly.

**The Chairman:** Do you have a supplementary question, Mr. Hales?

• 1145

**Mr. Hales:** Yes, I do. I was surprised to learn when reading the bottom of page 3—this question is addressed to Mr. Hind—that in Tokyo we have two officers, neither of whom speak Japanese.

I would think that in a country that is causing so much trouble by imports to the textile industry we should have officers who can speak Japanese. I would ask Mr. Hind if they would endeavour to correct this situation and have an officer there who can speak Japanese.

**The Chairman:** Mr. Hind, do you care to answer that question?

**Mr. Hind:** Mr. Chairman, I would first of all like to point out that rather than two officers in Tokyo as has been indicated on page 3, we have three investigating officers.

Secondly, I would like to say that we have interpreters for our officers. In other words, our officers on their investigational jaunts, are accompanied by locally-employed interpreters to assist them in securing the information which is required. However, I will accept the point Mr. Hales has made. We will make some effort to secure the services of competent people who have a knowledge of the language.

**Mr. Hales:** Thank you, Mr. Hind.

**Mr. Howard (Okanagan Boundary):** Mr. Harkness dealt largely with the item I wanted to raise, but I did want to question this matter of speed of application. I wonder what difficulties have been encountered in trying to get decisions at the Ministerial level here in Ottawa. Has this been a problem? What is the time factor in these decisions once you have the information you need? You suggested there have been difficulties in getting the basic information, but once that has been received, have you had any difficulty in getting a quick decision from Ottawa?

**Mr. Hehner:** Frequently we have.

[Interpretation]

des réponses, à défaut de quoi, il sera prêt à agir.

**Le président:** Est-ce une question supplémentaire, monsieur Hales?

**M. Hales:** Oui. Sous ce rapport, j'ai été très surpris de lire au bas de la page 3 et j'adresse ma question à monsieur Hind, qu'à Tokyo, nous avons deux agents dont ni l'un ni l'autre ne parle le japonais.

Je pense que dans un pays qui nous cause tellement de tracas par ses exportations de textiles, nous devrions avoir des agents qui peuvent parler le japonais. Je demanderais à M. Hind si on pourrait corriger cette situation en envoyant là des gens qui parlent le japonais.

**Le président:** Monsieur Hind, voulez-vous répondre à cette question?

**M. Hind:** Monsieur le président, tout d'abord, j'aimerais faire remarquer qu'au lieu de deux agents à Tokyo, comme on l'a indiqué à la page 3, nous avons trois agents, trois inspecteurs et deuxièmement, que nous avons des interprètes pour nos agents.

Lorsque ceux-ci vont faire leurs enquêtes, les inspecteurs sont accompagnés d'interprètes qui les aident à obtenir les renseignements dont ils ont besoin. Cependant, j'accepte la remarque de M. Hales et nous allons faire des efforts pour engager des gens compétents qui ont une connaissance de la langue.

**M. Hales:** Merci, monsieur Hind.

**M. Howard (Okanagan Boundary):** M. Harkness a traité longuement de la question que je voulais poser, je n'ai pas voulu mettre en doute la rapidité des demandes. Je me demande quels problèmes se posent lorsqu'on veut obtenir des décisions au niveau du ministre à Ottawa? Est-ce un problème? Quelle est la limite de temps lorsqu'on a les renseignements qui sont requis? Vous avez dit qu'on avait des problèmes pour obtenir les renseignements, mais une fois ceux-ci obtenus, avez-vous eu des difficultés à obtenir une décision rapide d'Ottawa?

**M. Hehner:** Ceci arrive assez souvent.

[Texte]

**Mr. Howard (Okanagan Boundary):** Could you suggest methods by which this could be improved?

**Mr. Hehner:** Yes. I could, sir.

**Mr. Howard (Okanagan Boundary):** Do you think this will be a major hazard in the application of the new legislation?

**Mr. Hehner:** Mr. Howard, I am not lacking capability to be exceedingly specific. I just wonder how discreet it would be if I were horribly specific in public.

**Mr. Howard (Okanagan Boundary):** Would you be specific, please?

**Mr. Hehner:** I will be specific to this extent, sir, that I can give you documented cases which deal with fact in contrast to opinion and where it took five years to get a decision. I am not exaggerating. I could give you such documented cases on a month by month basis and I have them here with me, but frankly, I would prefer not to do so. If I am forced to I will; I am prepared to do so and I am not making a general statement that I cannot back up.

The point that I would make, however, is this. I suspect the Customs and Excise Division has been under pressure frequently to show discretion regardless of what the law says because the law as now phrased has not provided much legal basis for showing discretion. There have been lengthy delays in making findings where, as I have indicated, sir, in our opinion, it was a simple case of determining a fact rather than forming a judgment.

Perhaps I had better give one example, sir. I have a case before me here. I am not going to start to read many pages, but I will tell you what it was about and if you want me to go any further I will. This was a very simple case involving the alleged dumping of rayon from Italy. The point at issue did not involve inquiring about home market selling prices in Italy and other things which might have taken a great deal of time.

• 1150

I should say those were also points at issue. However, there was one point at issue which I said I regard as a simple matter of fact. An allowance was being made by the Customs and Excise Division for a rebate of an Italian tax referred to as the IGE tax, Imposta Generale sull'Entrata. The question arose whether this tax was being collected in Italy on domestic production so that it might perfectly

[Interprétation]

**M. Howard (Okanagan Boundary):** Pouvez-vous nous dire quelles méthodes pourraient améliorer la situation?

**M. Hehner:** Oui, je pourrais en proposer.

**M. Howard (Okanagan Boundary):** Est-ce une difficulté majeure en ce qui concerne la mise en œuvre du nouveau programme?

**M. Hehner:** Monsieur Howard, je pourrais être excessivement spécifique, mais je me demande jusqu'à quel point je peux l'être en public.

**M. Howard (Okanagan Boundary):** Vous-driez-vous l'être, s'il vous plaît?

**M. Hehner:** Je serai spécifique à ce point, monsieur, que je peux vous donner des exemples de cas où cela a pris cinq ans avant d'en arriver à une décision. Je n'exagère pas, je pourrais vous citer des cas avec preuve à l'appui mais je préférerais ne pas le faire. Si on m'y force, je le ferai, car je ne suis pas en train de faire une assertion de nature générale que je ne puis pas appuyer.

Il n'en reste pas moins que je soupçonne qu'il y a eu souvent des pressions auprès de la division des Douanes et Accises afin de faire preuve d'une certaine discrétion quelle que soit la loi. Car la loi telle qu'elle est formulée à l'heure actuelle n'offre aucune base légale pour faire preuve de discrétion.

Il y a eu de longs délais à faire les constatations, comme je l'ai indiqué, à notre avis, il s'agit certainement de déterminer les faits au lieu de formuler un jugement. Je vais vous donner un exemple, j'en ai un en main, je ne vous en lirai pas plusieurs pages. Je vais vous dire de quoi il s'agit et si voulez que j'élaboré davantage, je le ferai. Il s'agit d'un cas de dumping de rayonne provenant d'Italie, la question en litige n'entraîne pas une enquête sur les conditions du marché en Italie et autres qui auraient requis beaucoup de travail.

La division a permis une baisse de l'impôt italien alors que cet impôt était perçu sur la production domestique en Italie. Et, était-il raisonnable de prévoir une exception? Il est certain qu'on ne soustrait pas le montant d'une taxe qui n'a pas été imposée. C'est un facteur assez simple.



[Text]

[Interpretation]

and legitimately have been rebated on exports, in the same way our domestic federal sales tax is not charged when Canadians export goods. You do not subtract a rebate from a price that does not include tax in the first place. Was the tax called for under the Italian law? This should be a question of fact, sir. It was very simple.

I could begin with the first note I have of January 12, 1961. I may tell you, sir, that the last note I have, when it was finally dealt with, was dated December 1967. Copies of the Italian law in Italian were supplied to the Customs and Excise Division. English translation was supplied. The translation supplied, incidentally, was an official translation that had been made by the British government and published in a Board of Trade journal.

As you are aware the Board of Trade is comparable to our Department of Trade and Commerce.

Literally month after month after month went by while we were being told that the Division was endeavouring to find out what the facts were. I understand that the Italian Embassy was asked to ascertain the facts and they always said there was a man going back to Italy in about three weeks who would get the facts. I am not joking, I am being very serious. The man would come back from Italy, produce a lot of information, and say: Oh, I am so sorry, the one thing I forgot to get the information on was these rayon yarns, but I have it on several other materials.

As I say, I have a documented case here beginning on January 12, 1961 and ending in December 1967 with disallowance of the tax rebate that had been allowed.

Admittedly I think this is a real freak in extremes. However, if you want to talk about fairly lengthy delays, yes, there have been frequent ones although not to this extent.

**Mr. Howard (Okanagan Boundary):** That fumbling, or whatever it was, administrative decision was made here in Ottawa, is that right?

**Mr. Hehner:** I would suggest so, sir.

**Mr. Howard (Okanagan Boundary):** I wonder if we could hear some comments from the department officials in that regard?

**Mr. A. R. Hind (Assistant Deputy Minister, Department of National Revenue (Customs and Excise)):** Mr. Chairman, naturally I do not have the full particulars relating to this

Je puis d'abord vous dire que l'affaire a commencé le 12 janvier 1961. La question a été réglée au mois de décembre 1967. Des exemplaires de la Loi italienne ont été envoyés à la Division des douanes et accises.

On a fourni une traduction officielle du texte de loi qui a été publiée et dans le *«British Board of Trade Journal»*, et les mois se sont écoulés.

On nous a dit: «Nous tentons de trouver ce qui en est» Et l'Ambassade italienne a dit qu'elle tentait de vérifier les faits. Elle nous disait que quelqu'un s'est rendu en Italie afin d'obtenir des renseignements.

Toutefois, lorsque cette personne est revenue, elle n'avait pas des renseignements pertinents.

L'affaire a commencé le 12 janvier 1961, pour se terminer en décembre 1967.

On a tout simplement annulé cette réduction qui avait été permise. Je crois que c'est un cas extrême. Mais, il y a eu certains autres cas assez longs sans être aussi longs que celui-là.

**M. Howard (Okanagan Boundary):** La raison pour laquelle ceci s'est produit, c'est que la décision a originé à Ottawa, n'est-ce-pas?

**M. Hehner:** Je crois que oui.

**M. Howard:** Je me demande si les fonctionnaires du ministère pourraient faire une observation à ce sujet.

**M. A. R. Hind (sous-ministre, ministère du Revenu national):** Monsieur le président, naturellement, je n'ai pas tous les renseignements se rapportant à cette question. Je crois



## [Texte]

case. I would like to think there are very, very very few cases of this kind. Mr. Hehner himself has said that this is an extreme case. I know that the general subject matter involved, the allowance or non-allowance of an internal tax in the country of export, is a very controversial one.

As Mr. Hehner said there has been intervention by representatives of the Italian government which has succeeded in slowing up this particular inquiry. I believe we sent one of our officers to Rome on one or more occasions. However, we were not able to get complete satisfaction. There may be some other reasons, which do not come to me readily, for this delay which I will admit is long.

Having said that, however, I would like to repeat that this is not typical of the delays in arriving at conclusions in the past.

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In the current law, and this is what Mr. Hehner is talking about now, there are no time limits. In other words once we are alerted to the possibility of dumping we immediately advise the importer that we are looking into the value for duty purposes of goods. At the same time we tell him that we may be back to collect dumping duty if we find there has been dumping.

Under the new law, however, there will be a time restriction. So under the current law there is the possibility of retroactivity and under the new law there are limited possibilities.

I would have to agree with Mr. Hehner that we must become more strict in our requirement. In other words we will not be able to tolerate unreasonable delays in the future. We are currently working on procedures whereby there will be no doubt in the minds of anyone, the exporter or the importer or representatives of foreign governments, that unless the required information is forthcoming within a reasonable time, which will be stipulated, then the Deputy Minister of National Revenue must move on the basis of the information before him.

**Mr. Gray:** You will have that authority under clause 11 of the Bill?

**Mr. Hind:** Yes sir.

**The Chairman:** Have you finished, Mr. Howard?

**Mr. Howard (Okanagan Boundary):** Yes.

## [Interprétation]

qu'il y a très peu de cas de ce genre. M. Hehner a dit lui-même qu'il s'agissait d'un cas extrême.

La question de permettre une réduction pour un impôt prélevé dans le pays exportateur est excessivement difficile à trancher. Des représentants du gouvernement italien ont directement ou indirectement provoqué des délais.

Nous avons envoyé des représentants à Rome. Nous n'avons pas pu régler le cas d'une façon tout à fait satisfaisante, et j'admetts qu'il y a peut-être d'autres raisons auxquelles je ne songe pas et qui ont amené ce long délai.

Ceci dit, toutefois, je veux répéter que ceci n'est pas caractéristique des délais nécessaires avant d'arriver à des conclusions.

En vertu de la loi actuelle, ce sur quoi M. Hehner est en train de discourir à l'heure actuelle, il n'y a pas de limite de temps.

Lorsqu'on nous parle de la possibilité de dumping, nous avertissons immédiatement l'importateur que nous sommes à évaluer la valeur des produits, et nous lui disons que nous percevrons des droits de dumping s'il y a eu dumping.

En vertu de la nouvelle loi, il y aura une limite de temps. En vertu de la loi actuelle, il y a une possibilité de rétroactivité.

En vertu de la nouvelle loi, les possibilités sont limitées et je suis d'accord avec M. Hehner pour admettre qu'il faut être plus sévère dans nos conditions.

Nous ne pourrions pas tolérer, à l'avenir, des délais irraisonnables. Nous établissons présentement une façon de procéder selon laquelle l'exportateur, l'importateur et les représentants des gouvernements étrangers sauront, de façon bien précise, que si les renseignements ne sont pas fournis dans un délai précis, le sous-ministre du Revenu national devra prendre des mesures en se fondant sur les renseignements dont il dispose.

**M. Gray:** Et vous avez à ce moment-là des pouvoirs discrétionnaires.

**M. Hind:** Oui, monsieur.

**Le président:** Oui, M. Gillespie. Avez-vous terminé, monsieur Howard?

**M. Howard:** Oui.

## [Text]

**Mr. Gillespie:** Mr. Chairman, would Mr. Hehner be prepared to suggest what he considers a reasonable time for the stages as far as determining dumping and determining injury is concerned?

**Mr. Hehner:** I hope I am not going to duck your question. If I do it will be inadvertent and would you please interrupt me. There are, of course, time limits set out in the draft Bill for carrying on investigatory procedures. These time limits set out in the statute do not cause us any concern whatever, as long as provisional duties have been applied so that when the appropriate time to complete the investigation has passed definitive dumping duties can then be collected, if it has been proven that there was injurious dumping.

I hope I am not going to start a scramble by using this phrase "first bite" or "one free dump", but the point that concerned us was whether the Customs and Excise Division will put on provisional duty in any doubtful case. If it does not, then they can carry through an investigation but be completely debarred from ever collecting dumping duties unless they are dealing with this area of what is called massive dumping.

I might add there is one other point that has caused us some concern in this regard. It is a purely procedural one. Perhaps I could express it this way. Unless the Customs and Excise Division—again I exclude the massive dumping where they can go retroactive for 90 days before the date of an entry—applies provisional duty in other cases at the time an entry is made, they can never catch that entry no matter what is subsequently determined in investigation.

One added point that concerns us, following from your question, is the procedural steps. Clause 15 of the draft Bill appears on page 66 of the White Paper, and deals with putting on a provisional duty. Clause 14 of the Bill appearing on page 64 sets out procedural steps that must be taken by the Deputy Minister.

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We hope that it is not necessary to take these procedural steps before provisional duties are applied. If it is, they will never be able to apply provisional duties to those entries; the time limit will have passed and the entry will have been made.

## [Interpretation]

**M. Gillespie:** Monsieur le président, M. Hehner voudrait-il nous dire ce qui, d'après lui, constitue un délai raisonnable, lorsqu'il s'agit de déterminer le dumping, s'il y a eu dumping et s'il y a eu dégâts ou conséquences dommageables?

**M. Hehner:** Je ne veux pas tenter d'esquiver votre question. Le projet de loi prévoit des limites de temps pour la conduite de l'enquête. La limite de temps établie par la loi ne nous préoccupe guère aussi longtemps que des droits de douane provisoires ont été prélevés. Après enquête un droit de douane pourra être prélevé s'il y a vraiment eu dumping préjudiciable.

Ce qui nous préoccupe, c'est que la division des douanes imposera ces droits de douane dans tous les cas douteux. Si elle ne le fait pas, à ce moment-là, elle pourra faire enquête, mais la division ne pourra jamais percevoir de frais du dumping, à moins qu'il ne s'agisse de dumping sur une grande échelle.

Je puis ajouter qu'il y a d'autres questions qui nous ont posé des problèmes. Il s'agit strictement de questions de procédure. Je me permettrai de m'exprimer de cette façon à moins que la division des douanes, et j'exclus, bien entendu les cas de dumping massifs où on dispose d'une période rétroactive de 90 jours, à moins que la division des douanes, dis-je n'applique des droits de douanes temporaires au moment où la demande est adressée, elle ne pourra jamais prélever un impôt ou un droit sur ce produit.

Et, une autre question nous intrigue, c'est une question de procédure. L'article 15 du projet de loi et ceci figure à la page 66 du Livre blanc. Donc, sur les droits de douanes provisoires. L'article 14 qui figure à la page 64 délimite les mesures qui doivent être prises par les sous-ministres. Nous espérons ne pas devoir prendre ces mesures avant d'imposer les droits provisoires, car si c'est le cas les droits ne pourront jamais être imposés, la date limite étant passée.

Nous espérons que ce ne sera pas nécessaire d'avoir recours à ces méthodes avant de prélever un droit de douane provisoire. On ne pourra jamais imposer un droit de douane au sujet de ces produits, car la limite de temps sera écoulée et les produits auront déjà été acceptés.



## [Texte]

I do not think it would be reasonable to expect the Customs and Excise Division to notify a variety of persons as mentioned in clause 14 and to publish notice in the *Canada Gazette* before the date of importation of the goods—before an entry has been presented to them. If they have to take these steps of publication after an entry has been presented for clearance and before they impose provisional duty—

**Mr. Gray:** Where does the Bill suggest that?

**Mr. Hehner:** This is the question I am raising. We actually dealt with it in our submission in paragraph 35, where we said:

The application of provisional measures under Section 15 should not be delayed by the notification procedures of Section 14 (2).

The only reason, sir, we put this cautionary note in our brief was because it had been suggested to us that exactly that procedural step will be required. We wanted it brought out, therefore, and put on the record.

**Mr. Gray:** Suggested by whom?

**Mr. Hehner:** It was suggested by government officials with whom the matter was discussed very informally who said they would not give any rulings on what would have to be done, but this may, indeed, be possible according to the way we read it. That is as far as the conversations went; they were very informal ones. This was why I thought we might get a comment on this point put on the record of this Committee's hearings.

**Mr. Gray:** Mr. Arthur would like to say something about this.

**Mr. C. D. Arthur (International Economic Relations Division, Department of Finance):** Mr. Chairman, I was going to deal with that later on when we were dealing with that particular clause, but certainly there was never any intention in the drafting of this proposed Bill that it was necessary for these procedures to have been completed before the application of provisional duty. These procedural steps can go on concurrently with the application of provisional duty under this clause, the clause to which Mr. Hehner referred, as well as in the other case he referred to in paragraph 35 of his brief.

**Mr. Hehner:** Thank you, Mr. Arthur, I am delighted to have that statement on the record.

## [Interprétation]

Il ne faut pas s'attendre à ce que la division des douanes avertisse une foule de gens, tel que mentionné à l'article 14, et publie un avis dans la *Gazette du Canada* avant la date de l'importation des produits. S'il faut prendre ces mesures et assurer la publication, après que le produit est importé et avant même de prélever le droit de douane provisoire...

**M. Gray:** A quel endroit la Loi suggère-t-elle ceci?

**M. Hehner:** Nous en avons parlé au paragraphe 35 de notre soumission:

L'application des mesures provisoires prévues à l'article 15 ne devrait pas être retardée par les dispositions de communication des avis de l'article 14 (2).

La seule raison que nous avons d'ajouter cette note d'avertissement, c'est qu'on nous a proposé qu'il nous faudra prendre une mesure de la sorte. Nous voulions que ceci soit imprimé dans le compte rendu.

**M. Gray:** Cela vous a été proposé par qui?

**M. Hehner:** Ceci a été proposé par des fonctionnaires du gouvernement, d'une façon officielle. Ils ont dit qu'ils n'allaient pas établir de règlements, mais qu'ils croyaient que la chose serait possible. C'est tout ce qu'ils nous ont dit; c'était des entretiens assez officiels. C'est pour cela que nous voulions verser au dossier du Comité des commentaires sur ce point.

**M. Gray:** M. Arthur aimerait ajouter quelque chose.

**M. Arthur (Service des relations économiques internationales, ministère des Finances):** Monsieur le président, j'allais en parler plus tard, lorsque nous arriverons à cet article en particulier. Certes, il n'y a jamais eu d'intention, lorsque nous avons rédigé ce projet de loi, qu'il serait nécessaire de compléter ces procédures avant l'application des droits provisoires. Ces procédures peuvent aller conjointement avec l'application des droits provisoires selon l'article auquel réfère M. Hehner et qu'il mentionne au paragraphe 35 de son mémoire.

**M. Hehner:** Merci, monsieur Arthur. Je suis enchanté d'avoir entendu cette affirmation.



[Text]

**The Chairman:** Do you have a supplementary question, Mr. Hales?

**Mr. Hales:** Yes, I do on this very point.

Going back to the case that took five years, I would like to ask if shipments of that rayon were allowed to come into Canada during those five years?

**Mr. Hehner:** They were allowed in continuously, unfortunately.

**Mr. Hales:** Was a tariff or a duty applied to these goods as they came in involving this internal tax dispute business?

**Mr. Hehner:** Yes, the normal duties were collected.

**Mr. Hales:** Then it was a matter of the rebates?

**Mr. Hehner:** It was a matter, sir, of whether the goods were being sold to Canadian importers at dumped prices or whether they were not. If the rebate was a legitimate one to have made, then the price was not a dump price. If the rebate was illegitimate then it was a dump price under the law.

**Mr. Hales:** During those five years there had been considerable injury to your industry, I take it?

**Mr. Hehner:** This was the opinion of the industry, sir. Of course, may I say, the injury criterion as such was not and still is not in the law.

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**Mr. Hales:** To follow up on that, in the new legislation one dump can be made and can continue to be made without provisional tariffs or duties applied to them. Would it not be the wish of the industry the minute the Department is alerted or a legitimate complaint has been registered, that no further goods be allowed to come in until the case has been reviewed and settled?

**Mr. Hehner:** May I phrase my answer this way: Mr. Hales? We are not suggesting that there should be prohibition on the import of the goods. We are hopeful that the Customs and Excise Division when there has been a complaint that obviously has some substance—not a frivolous one—shall immediately apply provisional duty to that and all subsequent importations until the matter has been disposed of by complete investigation on both the dumping and the injury aspect.

[Interpretation]

**Le président:** Monsieur Hales, est-ce une question supplémentaire?

**M. Hales:** Oui, sur ce même sujet. Pour revenir au cas qui a pris cinq ans, j'aimerais savoir si les livraisons de cette rayonne ont été permises d'entrer au Canada pendant ces cinq années.

**M. Hehner:** Oui, elles l'ont été, malheureusement.

**M. Hales:** Est-ce qu'il y a eu des droits appliqués à ces marchandises quand elles sont entrées au pays?

**M. Hehner:** Oui, d'une façon normale.

**M. Hales:** Alors c'était la question d'escompte?

**M. Hehner:** Oui, c'était la question de savoir si oui ou non les marchandises étaient vendues à des importateurs canadiens à des prix de dumping. Si l'escompte était légitime, alors le prix n'était pas un prix de dumping. Mais si le rabais était illégal, alors c'était un prix de dumping, au terme de la loi.

**M. Hales:** Pendant ces cinq ans, vous avez dû subir alors un certain préjudice à votre industrie?

**M. Hehner:** Oui. Mais les normes de préjudice ne sont pas établis dans la loi.

**M. Hales:** Pour faire suite à cette question sur la nouvelle mesure législative, il peut y avoir un acte de dumping et d'autres peuvent être faits également sans qu'ils soient affectés des droits quelconque. C'est le désir de l'industrie que, du moment qu'une plainte est portée, il n'y ait plus de marchandises dont l'entrée sera permise au Canada, avant que la question soit réglée.

**M. Hehner:** Puis-je m'exprimer différemment, monsieur Hales? Nous ne suggérons pas qu'il y ait une prohibition de l'importation des marchandises. Nous espérons que la division des douanes, lorsqu'une plainte sérieuse est portée, appliquera immédiatement les droits provisoires à cette importation et à toutes celles qui suivront, jusqu'à ce que la question soit réglée, par suite d'une enquête complète, relativement au dumping et aux préjudices.

## [Texte]

**Mr. Hales:** Why not prohibit any further goods coming in until the case has been settled? That would give the industry some protection.

**Mr. Hehner:** We have not proposed that, sir. I doubt that the Canadian industry would object if anybody else wished to do so, but we did feel that it would be a little extreme and we have not asked for it. If you prohibited the importation of the goods, it would, in effect, be convicting somebody of injurious dumping when it had not yet been proven.

**Mr. Hales:** In law you are guilty until you are proven otherwise.

**Mr. Gray:** Mr. Chairman, I believe we should remind Mr. Hales that the basic principle of Canadian and British justice is just the reverse.

**Mr. Saltsman:** Mr. Chairman, I wonder if the officials from the Department would care to comment on the danger this points out regarding the nature of Canadian industry. I refer to page 7 of the brief where they mentioned, "wholly-owned subsidiaries in Canada".

**The Chairman:** Mr. Saltsman, I suggested that our first round of questions should be directed to the first 11 paragraphs of the brief. Otherwise, if we ask questions at random on any and all paragraphs, I do not know if we would ever get finished. In my opening remarks I suggested that the questions should be directed, first of all, to paragraphs 1 to 11.

**Mr. Saltsman:** If you prefer that I hold off with my question until you have completed those paragraphs, I will do so.

**The Chairman:** I will accept this question, but in future I would suggest we follow the procedure I suggested earlier.

**Mr. Saltsman:** I have no questions on the first paragraphs. If someone else has a question I would be prepared to let him go ahead.

**The Chairman:** Are there any more questions on paragraphs 1 to 11 of the brief?

**Mr. Gray:** Mr. Chairman, I believe Mr. Hind would like to make a comment arising from our discussion on paragraphs 1 to 11 of the brief. If you will allow him to comment now, his remarks would be more relevant while the presentation is fresh in our minds.

## [Interprétation]

**M. Hales:** Alors, pourquoi ne pas interdire que toutes autres marchandises soient importées au Canada? Ceci protégerait l'industrie.

**M. Hehner:** Nous ne l'avons pas proposé et je doute que l'industrie canadienne s'y oppose. Mais nous avons cru que ce serait peut-être une mesure extrême de notre part.

Monsieur le président, ce serait trouver quelqu'un coupable de dumping préjudiciable avant que ce soit prouvé.

**M. Hales:** On est toujours coupable jusqu'à ce qu'on puisse apporter des preuves du contraire.

**M. Gray:** Je crois que les principes de la justice canadienne et britannique sont précisément le contraire.

**M. Saltsman:** Je me demandais si les fonctionnaires du ministère voudraient peut-être commenter le danger que souligne l'exposé au sujet de la présente nature de l'industrie canadienne. Je songe à la page 7, lorsqu'on parle des succursales.

**Le président:** Je crois qu'on devrait poser nos questions sur les premiers onze articles de l'exposé. Si on va plus avant, je ne sais pas où nous allons en finir. J'ai proposé, au début, que les questions devraient se rattacher aux onze premiers articles de l'exposé.

**M. Saltsman:** Si vous préférez que je réserve ma question, je le ferai.

**Le président:** Bien, j'accepte la question, mais on devra suivre ma proposition aux membres du comité de s'en tenir aux onze articles mentionnés.

**M. Saltsman:** Je n'ai pas de question à poser au sujet des premiers articles.

**Le président:** Avons-nous fini avec les articles un à onze du mémoire?

**M. Gray:** Je crois que M. Hind a quelques commentaires à faire au sujet de notre discussion. Il pourrait donner ses commentaires immédiatement.



[Text]

**M. Émard:** Monsieur Gray, voulez-vous parler dans le micro, s'il vous plaît. On ne vous comprend pas à l'interprétation.

**M. Gray:** Si vous voulez, je parlerai en français. Vous n'aurez pas besoin d'interprétation du tout.

Peut-être que je devrais suivre la proposition de M. Harkness et m'inscrire à des cours de japonais ou de chinois.

**Mr. Hind:** Mr. Chairman, one of the members of the Committee asked the witness what he thought might represent a reasonable time period in which Customs and Excise officers might take action. I was quite interested in this and I was hoping that I might get a little guidance.

Unfortunately, nothing of a very definitive character was said that would be helpful to us. We certainly intend to move as quickly as we possibly can and, as I said before, there are time limits that will very soon become statutory and it will be our job to move within these time limits.

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I am a little disturbed at the trend this discussion is taking. I really wonder whether the Institute is suggesting that departmental officers should in actual fact examine every importation. In other words assume that every importation, in this case textiles and textile products, is dumped. If this is what they are asking I am afraid this is impossible of doing when one remembers that in a year there are roughly six and a half million entries of goods into Canada, and if one were to assume that the textile industry should have no advantage over other industries. One must take it that other industries would have the same right to try to catch every importation.

One of the witnesses has talked about injury being caused. I would respectfully point out that the draft Bill does not speak of injury it speaks of material injury. I think there is a great difference between injury and material injury. I ask myself whether one importation or two importations or three importations will result in material injury. It is not just injury we are talking about but rather material injury.

I would point out also that a great responsibility is being placed on the shoulders of the Deputy Minister of the Department of National Revenue and his officers in accepting a complaint. We do not want to use our human resources improperly. They are highly paid people and to use them improperly would

[Interpretation]

**M. Émard:** The interpreter cannot understand you.

**Mr. Gray:** If you prefer I will speak French. Thus, you will not need any interpretation.

Perhaps I should follow Mr. Harkness' suggestion and register for Japanese or Chinese courses.

**M. Hind:** Monsieur le président, un des membres du comité a demandé au témoin ce qu'il croyait être un délai raisonnable pour que les agents des douanes prennent des dispositions. Cela m'intéressait et j'espérais avoir quelques directives.

Malheureusement, rien de définitif n'a été dit qui puisse nous aider. Nous allons procéder aussi rapidement que possible. Il y a certains délais qui vont devenir statutaires et il nous appartiendra alors de travailler dans ces délais.

Je m'inquiète de la tendance que prend le débat. Je me demande si l'Institut propose réellement que les fonctionnaires ministériels doivent examiner chaque importation. En d'autres mots, doivent-ils supposer que toute importation dans le cas des textiles font l'objet du dumping? Si c'est cela qu'on nous propose, je crains fort que ce soit impossible.

Quand on songe que, dans une année, il y a 6.5 millions d'entrées de marchandises au Canada, et si on doit supposer que l'industrie du textile ne doit pas avoir d'avantages sur d'autres industries, il faut alors prendre pour acquis que d'autres industries auront les mêmes droits, de tenter d'arrêter toutes les importations.

Un des témoins a parlé de préjudices. J'aimerais signaler que le projet de loi ne parle pas de préjudices, mais il parle plutôt des dommages matériels. Je me demande si une, deux ou trois importations entraîneront des dommages matériels.

J'aimerais également signaler qu'une responsabilité énorme est imposée au sous-ministre du ministère du Revenu national et à ses fonctionnaires, lorsqu'ils reçoivent une revendication. Nous voulons tous utiliser nos ressources humaines d'une façon normale. Ce sont des gens qui reçoivent des traitements



## [Texte]

mean that they would not be available for use in proper cases.

Consequently I think the first responsibility that devolves upon the Deputy Minister and his subordinates is to ensure, before undertaking in investigation, and certainly before making a preliminary determination of dumping, that there is a good chance of this being proved out in actual practice. In other words that there is injurious dumping.

We made a survey of cases for a six-month period beginning June 1, 1967 and ending November 30, 1967, and during that period we received 148 complaints from Canadian industry. Within a three month period we completed 111 of those cases. Of those 111 cases we found only 44 were justified. In other words 61 per cent of the complaints made to us were not justified in the sense that no dumping was found.

I think this pinpoints the necessity of the Deputy Minister being absolutely careful before undertaking an investigation and establishing a preliminary determination because one must remember that whenever an investigation is initiated and a preliminary determination made this must be printed in the *Canada Gazette*, and it must form the content of letters to various people.

I, for one, would not want to be guilty of placing a named importer and a named exporter under a cloud unless I were reasonably satisfied that I would find not only dumping but material injury.

## • 1215

**Mr. Hehner:** I think it is obviously impossible for the Customs and Excise Division to scrutinize in detail six and a half million entries a year or even a much smaller number than that. I do suggest—here I am not dealing with complaints, I am dealing with action on the initiative of the Deputy Minister—that there are sensitive areas, and there are areas where it is most unlikely that dumping will occur. There are other areas of Canadian industry which have a long history of dumping and which can be described as sensitive where there could be a fairly substantial spot check made. Here I am going beyond the matter of accepting complaints at all.

On the complaint area and the question of what material injury is we are somewhat concerned about to what extent the Customs and Excise Division should thoroughly satisfy itself that there is material injury. Indeed in our brief, which we submitted in advance, we

## [Interprétation]

très élevés et si on les affecte à des travaux inutiles, ils ne seront pas disponibles pour un travail important.

Alors il incombe au sous-ministre et à ses subordonnés, avant de commencer une enquête et de décider s'il y a dumping ou non, de s'assurer qu'il y a une possibilité de pouvoir prouver le cas, qu'il y a vraiment un dumping préjudiciable.

On a fait une enquête de cas pendant six mois, à compter du 1<sup>er</sup> juin 1967 jusqu'au 30 novembre 1967. Pendant cette période, nous avons reçu 148 revendications de l'industrie canadienne. Pendant trois mois, nous avons complété 111 de ces cas. De ces 111 cas, nous n'en avons trouvé que 44 qui étaient justifiés. En d'autres mots, 61 p. 100 des plaintes qui avaient été portées, n'étaient pas justifiées en ce sens qu'on n'a pas déterminé qu'il y avait du dumping.

Je crois que cela démontre la nécessité de la part du sous-ministre d'avoir beaucoup de précautions avant de commencer une enquête. Il faut se rappeler que lorsqu'une enquête est entreprise et qu'une détermination préliminaire est faite, cela doit être imprimé dans *La Gazette du Canada* et doit faire l'objet de lettres distribuées à diverses gens.

Je ne voudrais pas être coupable de mettre le nom d'un importateur ou d'un exportateur et de les accuser de dumping ou de dommages matériels, sans être certain de mon cas.

**M. Hehner:** Je crois qu'il est impossible pour la Division des droits de douane de pouvoir examiner un nombre considérable de plaintes. Je ne songe pas ici aux plaintes, mais aux initiatives de la part du sous-ministre. Il y a des domaines sensibles. Il y a certains domaines où il n'y aura probablement pas de dumping. Il y a d'autres secteurs de l'industrie canadienne où il y a eu beaucoup de dumping et qui peuvent être décrits comme étant sensibles. Il pourrait très bien y avoir une vérification. Ceci dépasse la simple acceptation des revendications.

Au sujet des revendications et des dommages matériels nous nous inquiétons de savoir jusqu'à quel point la Division des douanes doit aller pour se convaincre qu'il y a vraiment dommage matériel. Dans l'exposé que nous avons distribué à l'avance, nous avons

## [Text]

quoted the General Counsel for the Office of the Special Representative for Trade negotiations of the United States. this quote can be found on page 10 of our brief. He said:

Once the Treasury is satisfied that sales are being made at less than fair value then even a perfunctory show of injury would be sufficient to get a withholding of appraisement.

To express that in terms of the Canadian draft statute, it is saying once there is even a perfunctory show of injury so that the Customs and Excise Division knows that it is not entirely frivolous, that should be sufficient to get an investigation started. I would like, however, if I am not taking too long, Mr. Chairman, to pick up the lead Mr. Hind gave me, which points up the importance of developing some concept of material injury, when he said he was not satisfied that one or two or even three importations would constitute material injury.

I will perhaps go to the other extreme and suggest, gentlemen, that you can actually have material injury caused by a negligible physical importation. I would like to explain exactly how, and it is a very simple explanation.

Anyone who has had experience with commercial facts will realize that this is a standard affair, not a freak one. If one is selling a product he has to meet competition and the competition includes competition from imports. The question is: What is the lowest price at which competitors can offer goods on the Canadian market without having dumping duties applied to them? So if goods are allowed to come in at a low price and dumping duties are not applied to them your customers all come to you and say: A hundred pounds of this material came in to which no dumping duties have been applied; it has apparently been decided that this may be a dump price, but it is not considered one that should attract dumping duty; so lower your price to meet this price which has been offered to us by a supplier abroad.

Although we are speaking for the textile industry this statute applies to all goods and there are contracts where a supplier has signed up a customer on a year's contract on the basis that he will meet any legitimate price offered by any other supplier. So it only needs one shipment, and a comparatively small one at that, to come in and be accepted by the Customs and Excise Division as a legitimate price at which the goods can be imported for your customer to come to you

## [Interpretation]

cité le conseiller général au bureau du représentant spécial pour les négociations commerciales, de l'équipe des États-Unis.

A la page 10 de notre mémoire, il dit:

Dès que la trésorerie est convaincue que des ventes se font à un prix inférieur à la juste valeur marchande, une indication superficielle de préjudice suffit à déclencher la suspension de l'évaluation.

Pour se placer dans le contexte canadien, ceci veut dire que, au moindre indice de préjudice qui prouve que l'affaire est sérieuse, on peut alors commencer une enquête.

Si je n'abuse pas de votre temps, monsieur le président, je voudrais parler dans le sens de M. Hind.

Nous devrions déterminer le concept de dommage matériel. Il dit qu'il n'est pas satisfait de considérer que seulement deux ou trois importations peuvent constituer un dommage matériel.

J'irais à l'autre extrême pour dire que des dommages matériels peuvent être causés par une importation de quantités négligeables. Je vais vous expliquer comment cela se fait. Les gens qui ont l'expérience du commerce comprendront que c'est une chose qui arrive souvent.

Si vous vendez un produit et vous devez faire face à la concurrence et à la concurrence des importations, il s'agit de savoir quel est le prix le plus bas auquel on peut offrir les produits sur le marché canadien sans encourir les conditions de dumping.

Ainsi, si des produits entrent à un bas prix sans être affectés par les droits de dumping, les clients viendront vous dire: «Voici cent livres de ces produits qui viennent d'arriver et on n'a pas appliqué de droits de dumping. Il a été décidé que c'était un prix de dumping, mais on ne considère pas que c'est un produit qui attire des pressions des droits de dumping. Baissez vos prix, afin de rencontrer le prix de l'étranger.»

Je sais qu'il y a eu des contrats, et même si nous parlons de l'industrie du textile, cela s'applique à toutes les denrées. Il y a des contrats où le fournisseur a signé pour un an, avec l'entente qu'il fera face à la concurrence de n'importe quel prix. Si on peut faire admettre à la Division des douanes que c'est un prix raisonnable, cela aura beaucoup d'influence même dans le cas d'une importation d'une quantité négligeable. Votre client vous dira alors de baisser vos prix.



## [Texte]

and say: Here is my contract, lower your price three cents. This can have a terrific impact with a comparatively small volume of importations.

These circumstances can and do exist. These are not the circumstances that exist always. But these are the points that make it so difficult to be pragmatic and say that one shipment of comparatively small volume obviously cannot have caused injury or material injury. It very well might have done so.

**The Chairman:** Gentlemen paragraphs 12 and 13 of the brief deal with "first bite" and "one free dump". Are there any comments on those paragraphs? They are on page 4 of the brief.

Paragraphs 15, 16, 17 and 18 of the brief deal with normal value.

• 1220

**Mr. Arthur:** No, I think Mr. Chairman we have dealt with "first bite" at quite some length on other occasions.

I would like to comment, however, Mr. Chairman, if I may, on paragraph 14 on page 5 of the brief which deals with clause 7.

The brief suggests that there should be provision for publication of exempting orders and at one of the earlier sessions I mentioned that there was such a provision for the publication of these orders under the Regulations Act. I think if it is agreeable, it might be useful if I were to read those sections of the Regulations Act at this time for the benefit of the Committee.

**The Chairman:** What is the page number?

**Mr. Arthur:** This is not in the White Paper. It is an extract from the Regulations Act. The relevant portion is section 2(a) of the Regulations Act which reads as follows:

In this Act,

(a) "regulation" means a rule, order, regulation, by-law or proclamation

(i) made, in the exercise of a legislative power conferred by or under an Act of Parliament, by the Governor in Council, the Treasury Board, Minister of the Crown, or a board, commission, corporation or other body or person that is an agent or servant of Her Majesty in right of Canada, or

(ii) for the contravention of which a penalty of fine or imprisonment is prescribed by or under an Act of Parliament.

An order made by the Governor in Council pursuant to the proposed clause 7 of the Anti-

## [Interprétation]

Tout ce que je peux dire, c'est que ces circonstances existent. Ce ne sont pas des choses qui prévalent toujours. C'est pour cela qu'il est très difficile d'être dogmatique et de dire qu'une importation d'une quantité négligeable de produits ne peut pas causer des dommages. Il se peut très bien que cela se produise.

**Le président:** Les paragraphes 12 et 14 du mémoire traitent de «premier envoi de dumping».

**M. Arthur:** On a parlé du premier envoi de dumping, et si vous me le permettez, monsieur le président, je voudrais parler de l'alinéa 14 à la page 5 qui parle de l'article 7.

Le mémoire suggère qu'il doit y avoir une disposition au sujet de la publication des règles d'exemption et à une séance antérieure j'ai fait mention qu'il existait une telle disposition sous l'empire de la loi sur les règlements. J'aimerais vous lire ces articles de cette Loi, avec votre permission, afin d'en faire bénéficier le Comité.

**Le président:** A quelle page?

**M. Arthur:** Cela n'est pas dans le Livre blanc, monsieur le président, mais c'est un extrait de la Loi sur les règlements. Il s'agit de l'article 2(a) de la Loi sur les règlements qui se lit comme il suit:

Dans cette loi, règlement veut dire un règlement, un ordre ou une proclamation.

1:

(i) fait dans l'exercice des pouvoirs législatifs conférés par une loi du Parlement, par le gouverneur en conseil et le Conseil du trésor, un ministre de la Couronne ou une commission, un conseil, une corporation ou autre organisme ou personne qui est l'agent de Sa Majesté du chef du Canada, ou pour

(ii) pour lequel une amende ou un terme d'emprisonnement a été stipulé par une loi du Parlement.

Un ordre rendu par le gouverneur en conseil, conformément à l'article 7 de la Loi anti-



## [Text]

Dumping Bill would be an order made in the exercise of a legislative power conferred by an Act of Parliament and accordingly would be a regulation within the meaning of that Act. Section 6(1) of the Regulations Act reads as follows:

6.(1) Every regulation shall be published in English and in French in the *Canada Gazette* within thirty days after it is made.

It is, therefore, clear that in accordance with the Regulations Act an order of the Governor in Council, pursuant to the proposed clause 7 of the Anti-Dumping Act, must be published in the *Canada Gazette*.

**Mr. Gray:** Before we leave that point, is it not correct, Mr. Arthur, that provisions similar to those in clause 7 of the draft Bill are found in Section 6(2) (b) of the existing law on dumping?

**Mr. Arthur:** That is correct.

**Mr. Hehner:** The only comment I could make is that if there is a requirement in another statute and Mr. Arthur has referred us to the Regulations Act, a copy of which I fortunately also have in front of me, it might be suggested that it is redundant to also make such a requirement appear in clause 7 of this proposed Bill.

## ● 1225

However, I do not know that redundancy is necessarily entirely harmful. Since this is supposed to be a completely self-contained Bill relating to dumping, if there is such a requirement in another statute it might not do any harm to repeat it here to make quite plain the intention.

All I can say is that there have been, and quite recently, orders passed by Order in Council exempting goods including, specifically, textiles from the application of dumping duty without that order ever having been published in the *Canada Gazette* and without its existence being known to affected parties at the time it was issued and not known to them for a long time afterwards until they stumbled upon it by accident in a channel that had nothing to do with publications.

**Mr. Arthur:** Mr. Chairman, my only comment on that would be under the authority of the Regulations Act there also is provision for the exemption from publication.

**Mr. Hehner:** This I had also noticed, sir, and I might draw attention to the fact, if I

## [Interpretation]

dumping, est un ordre fait dans l'exercice d'un pouvoir législatif conféré par acte du Parlement, et par conséquent, c'est un règlement d'après les dispositions de cette loi.

L'article 6 (7) de la loi sur les règlements se lit comme suit:

Tout règlement est publié en anglais et en français dans la *Gazette du Canada*, dans les 30 jours qui suivent sa publication.

Il est par conséquent clair que d'après la Loi sur les règlements, un ordre du gouverneur en conseil, conforme à l'article 7 de la Loi antidumping, doit être publié dans la *Gazette du Canada*.

**M. Gray:** Avant de laisser ce point, n'est-il pas vrai, monsieur Arthur, que des dispositions semblables à celles de l'article 7 du projet de loi existent dans l'article 6(2)(b) de la loi actuelle sur l'antidumping?

**M. Arthur:** C'est exact.

**M. Hehner:** Le seul commentaire que j'aurai à faire, c'est que s'il y a une disposition dans un autre statut, et M. Arthur a parlé de la Loi sur les règlements dont j'ai un exemplaire devant moi, il y a chevauchement ou double emploi, il y aurait répétition si cette disposition existait dans le nouveau projet de loi.

Mais cela ne serait pas tout à fait nuisible par le fait que cette mesure est censée être une mesure nouvelle, indépendante, et on devrait le répéter ici et dire quelles sont les intentions.

Je comprends que si l'on dit qu'une chose n'a pas été faite, ce n'est pas une critique de la Loi, mais tout ce que je peux dire, c'est qu'il y a eu tout récemment des ordres en conseil qui exemptent certains produits, y compris spécifiquement les textiles exemptés de l'application des droits antidumping, sans que cet ordre en conseil n'ait encore été publié dans la *Gazette du Canada*, et les parties intéressées n'étaient pas au courant et c'est seulement par hasard qu'ils se sont aperçus que cet ordre existait.

**M. Arthur:** La seule chose que j'aurais à dire là-dessus, c'est que d'après la Loi sur les règlements, il y a aussi des exemptions de publications.

**M. Hehner:** J'ai remarqué cela aussi et si vous me le permettez, j'aimerais continuer à

## [Texte]

may continue to quote from the statute that has just been referred to by Mr. Arthur, that Section 9 of the Regulations Act says:

The Governor in Council may...exempt any regulation or class of regulations...

from the publication requirement. This, I think, only heightens the desirability of adding to the proposed clause 7 of the draft Bill the requirement that any such exemptions be published.

**The Chairman:** Mr. Saltsman, possibly you now could ask your question.

**Mr. Saltsman:** Yes, my question deals with page 7 of the brief where they were discussing the growth of international companies where the cost of one unit is less meaningful than over-all corporate interests. The Institute goes on to make a number of suggestions and on page 8, paragraph 21, recommends changing the words from "affecting the price" to "relating to the sale". On page 9 they suggested the addition of a paragraph which reads:

Or by reason of any other circumstance which, in the opinion of the Deputy Minister, provides an effective reduction in the sale price.

I think they have made a good point in this submission because the nature of our industry is somewhat different from the nature of industry in other countries. There are loopholes involved here in the "compensatory arrangements" that could have an affect on our industry. I would like to ask Mr. Hind if he could comment on the suggestion made by the Institute on whether these would be acceptable to the drafters of the legislation.

**Mr. Gray:** Mr. Chairman, could I intrude here for a moment? I think earlier we more or less agreed amongst ourselves that we would reserve our consideration of possible changes in the draft Bill until after we had heard all the briefs. At this time we are giving an opportunity to people from outside government to present their views to us and for us to discuss these views with them.

I am not sure if the officials are in a position at this point to state on behalf of the government which of the suggestions in this brief or any brief can be put forward in the form of changes to the draft Bill and I think it would be easier for the Committee as well as the officials who are attempting to provide information to us and who are following our hearings if they came back to us after they had heard all the briefs. There may be other briefs—I am not saying this will be the

## [Interprétation]

citer l'article 9 de la Loi sur les règlements, auquel M. Arthur a référé, et je cite:

Le gouverneur en conseil peut exempter tout règlement ou catégories de règlement...

Des conditions de publications, et je pense que cela fait simplement ressortir l'utilité d'établir cette condition dans l'article 7, c'est-à-dire de rendre cette publication nécessaire.

**Le président:** Monsieur Saltsman, avez-vous une question à poser?

**M. Saltsman:** Ceci se rapporte à la page 7, lorsqu'on parle de la croissance de compagnies internationales où le coût unitaire signifie moins que l'intérêt général de l'entreprise. L'Institut fait quelques suggestions et à la page 8, alinéa 21, recommande de changer les mots «affectant le prix» pour «lié à la vente.» et à la page 9:

ou en raison de toute autre circonstance qui, de l'avis du sous-ministre, entraîne une réduction effective des prix de vente.

Cela pourrait affecter notre industrie à cause de sa nature même, qui est quelque peu différente de celle des autres pays. Il y a des échappatoires dans ces «arrangements compensatoires» qui pourraient affecter notre industrie. Et je voudrais demander à M. Hind ce qu'il pense de la suggestion faite par l'Institut et s'il en accepte la terminologie.

**M. Gray:** Monsieur le président, je pense que nous nous étions entendus entre nous que nous allions réserver l'étude de changements possibles au projet de loi pour la période qui suivra les témoignages.

Je ne sais pas si les fonctionnaires, en ce moment, sont en mesure de nous dire si les suggestions contenues dans ce mémoire pourraient faire partie du projet de loi.

Je pense que ces suggestions sont faites pour le comité et pour les personnes qui viennent nous rendre témoignage. Mais après avoir entendu tous les témoignages, tous les mémoires, ils pourraient revenir nous donner leur opinion parce qu'il peut y en avoir d'autres qui présenteraient un point de vue contraire ou qui pourraient modifier les propositions et nous devrions, ainsi que les fonctionnaires, avoir l'occasion d'examiner tout cela ensemble avant de donner notre opinion.



[Text]

[Interpretation]

case—taking just the opposite point of view or modifying, to one extent or another, the proposals in this brief or others and we and the officials should be able to look at these suggestions in totality before reaching any decisions.

**Mr. Saltsman:** The importance of discussing it at this time is because we have the people from the Institute before us who are in a position to elaborate on their views or challenge some positions of the government.

● 1230

**Mr. Gray:** Perhaps I misunderstood what Mr. Saltsman was driving at. If he was suggesting that we have comments from officials of the Department of Finance and the Department of National Revenue on the views set forward by the Textile Institute I think that this is quite in order. However, I do not think it would be appropriate at this time to ask the officials whether they accept on behalf of the government these particular views.

**Mr. Saltsman:** I meant "accept" in the sense of "comment" to clarify the issue.

**The Chairman:** Mr. Hind, would you care to make any comment?

**Mr. Arthur:** Mr. Chairman, I am not certain if Mr. Saltsman's remarks relate to paragraph 21 of the brief. I would like to have that clarified first.

**Mr. Saltsman:** Yes, they referred to paragraphs 21 and 23.

**Mr. Harkness:** Mr. Chairman, it was suggested earlier that we should go through this brief more or less *seriatim*. I think there are a number of matters which members might want to deal with before we come to the part which deals with paragraphs 14, 15, 16 and so on. I would suggest that it would make for a more orderly discussion if we considered these in order.

**The Chairman:** Are there any comments, gentlemen, on paragraphs 14, 15, 16, 17 and 18 of the brief?

**Mr. Harkness:** Mr. Chairman, you said in your brief that you consider subclause (2) (b) to be dangerous. This clause deals with determining the value for duty purposes of sales by an exporter where he does not sell in his own country and if there are other people selling in that country the price at which they sell shall be accepted as the price for import into Canada. Would you give your views on

**M. Saltsman:** L'importance de la discussion à ce moment-ci réside dans le fait que nous avons ici les représentants de l'Institut, qui sont en mesure de nous donner des détails sur leurs opinions ou de mettre en doute l'opinion du gouvernement.

**M. Gray:** Monsieur Saltsman, si vous suggérez que nous ayons l'opinion des fonctionnaires du ministère des Finances et du Revenu National, je crois que cela est dans l'ordre. Cependant, je crois que nous ne pouvons pas leur demander en ce moment d'accepter, au nom du gouvernement, les opinions exprimées dans ce mémoire.

**M. Saltsman:** Je veux dire «accepter» dans le sens de «commenter» dans le but de faire la lumière sur cette question.

**Le président:** Est-ce que M. Hind veut faire quelques commentaires?

**M. Arthur:** Monsieur le président, je ne sais pas si les remarques de M. Saltsman se rapportent au paragraphe 21 du mémoire. Je voudrais que l'on tire cela au clair d'abord.

**M. Saltsman:** Il est du paragraphe 23.

**M. Harkness:** Vous aviez proposé que nous étudions ce mémoire article par article. Il y a des questions qui intéressent les députés et les membres du Comité et je crois qu'il serait plus pratique de traiter de chaque question à tour de rôle.

**Le président:** Avez-vous quelque chose à dire sur les articles 14, 15, 16, 17, 18 du mémoire? Excusez-moi, monsieur Saltsman.

**M. Harkness:** Vous dites que vous considérez l'article (2)b) comme dangereux. Il s'agit du prix de vente d'un exportateur qui ne vend pas dans son pays. Ce paragraphe stipule que si un exportateur expédiant les marchandises, au Canada ne fait pas, sur son marché domestique un nombre suffisant de ventes de marchandises semblables à celles qu'il exporte au Canada. Voulez-vous nous dire



## [Texte]

what the price in a case like that should be which would be used for duty purposes in Canada rather than the one that is proposed?

**Mr. Hehner:** I think the principal point we had in mind, Mr. Harkness, was the point relating to goods not made in that country. This was the subject of some discussion before your Committee last Thursday morning when another trade association appeared. As I recall, Mr. Lambert used as an example to illustrate the situation, shirts made in Hong Kong and selling in the United Kingdom.

May I merely pick up Mr. Lambert's example. If you have a particular exporter to Canada located in the United Kingdom who is exporting, let me just say shirts because that was the example Mr. Lambert used, to Canada. It so happens that this particular exporter does not sell many shirts in the United Kingdom. It may be that practically all his sales are for export so you are debarred from looking at the prices at which this particular exporter to Canada is selling English shirts in England.

You are, therefore, compelled to look at the prices at which other vendors of shirts sell for consumption in the United Kingdom.

As we read this clause as it is now drafted, you would be required to take into consideration the prices at which persons sell Hong Kong shirts for consumption in the United Kingdom. You not only "may" do so, I suggest you have to do so. The wording of clause 9(2) (b) contains the word "shall" which we read as mandatory.

...there shall be substituted for the exporter...

There is no exclusion of the Hong Kong shirts. I do not want to be too verbose in my answer to your point, Mr. Harkness, but since this has been brought up on more than one day, it is quite apparent it is of interest. May I go on to say that it is quite possible for there to be more than one price level prevailing in a market at the same time. We will presume that we are talking about shirts of identical quality. You might say if Hong Kong shirts were being sold in England for \$2, does that not have to be the price level at which shirts of English manufacture are selling in England?

No you cannot presume that this might be the case as there might be import restrictions

## [Interprétation]

quel doit être le prix utilisé pour calculer les droits de douane? Est-ce que c'est le prix proposé ou quel prix avez-vous en vue?

**M. Hehner:** Nous pensions surtout aux produits qui ne sont pas fabriqués dans ce pays. Et jeudi dernier, nous en avons parlé au Comité lorsque l'association commerciale a comparu. Et si je me souviens bien, M. Lambert a cité l'exemple pour illustrer la situation, l'exemple de chemises faites à Hong-Kong qui se vendent au Royaume-Uni. Et d'après l'exemple de M. Lambert, si un exportateur établi en Grande-Bretagne exporte des chemises au Canada—parce que c'est l'exemple que M. Lambert a cité—et s'il arrive que cet exportateur ne vend pas beaucoup de chemises en Grande-Bretagne, toute sa production est destinée à l'exportation.

Par conséquent, on ne peut pas savoir quel est le prix de ces chemises en Grande-Bretagne. Donc, nous devons examiner le prix auquel les autres vendeurs de chemises vendent ces chemises aux consommateurs de la Grande-Bretagne.

Et d'après l'article tel qu'il existe actuellement, il faudrait tenir compte des prix des chemises de Hong-Kong vendues au consommateur de Grande-Bretagne. Non seulement on peut mais on doit en tenir compte. C'est là la...terminologie de l'article 9. Le mot est «doit». Il faut, d'après la Loi, utiliser les prix des autres producteurs, et il n'y a pas d'exclusion pour les chemises de Hong-Kong.

Je ne voudrais pas trop allonger ma réponse mais puisque cette question a été soulevée plusieurs fois, j'ajouterai qu'il est tout à fait possible qu'il y ait plus d'un niveau de prix pour un marché donné à un moment donné.

Prenons comme exemple, les chemises de Hong-Kong se vendant en Grande-Bretagne à \$2.00. Cela ne doit-il pas être le prix auquel se vendent les chemises fabriquées en Grande-Bretagne? Nous parlons, je présume, de chemises de qualité égale. On ne peut pas présumer que tel soit le cas.

Il y a peut-être des restrictions d'importations pour la vente de chemises de Hong-

## [Text]

under which a certain number of Hong Kong shirts could be sold in England and they will sell at a certain price, but because an unlimited quantity cannot enter the country at that price, the normal domestic price would be used—the reference point, as we understand it, for determining dumping—for goods of domestic origin, namely made in the United Kingdom, which could be \$3. We merely suggested this would be unreasonable.

I might add one extra word, Mr. Harkness. I think this is possibly very pertinent and it may even give some emphasis to the fact that last week Mr. Lambert picked on shirts from England. I do not want to discuss in public the private business of individual companies, but this case was the subject of mention in the press. The United Kingdom government is, at the present time, investigating the alleged dumping of certain Canadian textiles in the United Kingdom. We do not admit that they have been dumped and we hope we have satisfied the United Kingdom authorities. However, my reason for mentioning it is that this is almost an identical situation in reverse.

It so happens that the Canadian manufacturers who have been exporting to the United Kingdom have comparatively small sales in Canada of the fabrics that are being exported to the United Kingdom. One substantial reason for this smallness of home-market sales is that in Canada there is a good volume of these sales made of goods that have been imported into Canada from China and from other areas.

The British Board of Trade in looking at the Canadian home market—we are now taking this case in reverse—said they could not establish normal value on the basis of the home-market sales of the Canadian manufacturer because these were of negligible volume. The Canadian producers admitted that this was the case. This was a fact. They then said that they would look at the price at which we export these fabrics for a third market and if we do not have very substantial exports to a third market, other than the United Kingdom, then they would go to our cost of production.

The subject was mentioned about the Canadian selling prices of like fabrics selling in Canada by importers—these are not products of Canadian manufacture—and the British who are operating under the same Code said that they did not read the Code that way and were certainly not going to look at the prices at which Chinese fabrics sell in Canada in order to establish a normal value for Canadian fabrics being sold in England.

I thought this was a rather pertinent point to mention.

## [Interpretation]

Kong parce que le prix normal domestique pour des produits d'origine domestique est peut-être \$3.00, disons, pour les chemises vendues en Grande-Bretagne.

Je ne crois pas que ce soit raisonnable, M. Harkness. La question peut être très intéressante, et faire ressortir le fait que M. Lambert ait parlé de chemises fabriquées en Grande-Bretagne. Mais je ne veux pas discuter des pratiques commerciales des autres producteurs.

En ce moment, la Grande-Bretagne fait enquête sur le dumping probable de certains produits canadiens vers le Royaume Uni. Nous ne pensons pas qu'il y ait eu dumping et nous espérons avoir convaincu les autorités de la Grande-Bretagne. Mais c'est une situation à peu près identique qui existe à rebours.

Des fabricants canadiens font comparative-ment des ventes domestiques très minimes de produits exportés à la Grande-Bretagne. Et une raison importante de cette situation, c'est qu'au Canada, une grande partie de ces produits sont importés de la Chine ou d'ailleurs.

Le Ministère du commerce de la Grande-Bretagne pour sa part, n'a pu établir la valeur normale de ces produits au Canada parce qu'il s'agit d'une quantité négligeable. Ensuite, ils disent: «Par conséquent, nous allons voir à quel prix vous vendez ces produits sur un troisième marché, et si c'est impossible, nous allons étudier votre coût de production.»

On a suggéré d'utiliser les prix de vente au Canada de produits semblables importés. La Grande-Bretagne se sert du même code; sa position: «Nous n'interprétons pas le code de cette façon. Nous n'allons pas essayer de déterminer à quel prix les chemises chinoises se vendent au Canada pour déterminer le prix de vente en Grande-Bretagne». Et c'est un point très intéressant.



[Texte]

**Mr. Lambert (Edmonton West):** My question has been fully covered.

**Mr. Arthur:** Mr. Chairman, I would like to comment on one or two of the statements that are made in paragraph 15 of the brief.

The Textile Institute has suggested that the method of establishing normal value under clause 9(2) (b) is not required by the international Code and should be optional rather than mandatory. I would like to suggest to you, Mr. Chairman, that under the Code and I refer you to Article 2 on page 12 of the White Paper, which says: "...the like product when destined for consumption in the exporting country". This is contained in paragraph (a). Paragraph (d) of Article 2 says:

When there are no sales of the like product in the ordinary course of trade in the domestic market of the exporting country...

• 1240

Under clause (9) (1) of this draft Bill, sir, the concept was carried forward of determining normal value on the basis of the exporter's experience in his domestic market and subclause (2) carries forward the obligation under the Code that it be sales in the country of export.

In this connection, Mr. Chairman, I would like to refer to Article 3 of the Act that the Finnish Government passed to implement their obligations under the Code which says—that normal value means the price of goods similar to the imported goods that is comparable to an export price and at which price goods are sold for domestic consumption in the exporting country.

The other comment I would like to make goes back to the discussion we had the other day. I tried at that time to point out to the Committee that in determining the sales of other vendors, the Deputy Minister of National Revenue would be required to take into account the various provisions of clause 9(1) because the wording of subclause (2) in considering sales by other vendors relates to the conditions of sale as set forth in subclause(1).

I would also like to suggest, Mr. Chairman, that it would be open to the Deputy Minister to consider the vendors' sales that he wished to use for purposes of determining normal value. Possibly this could be made clearer in the drafting, but I would suggest that the option is open to him. It also may well be that he would disregard the sales in the illustration that was used of Hong Kong shirts in the United Kingdom.

[Interprétation]

**M. Lambert:** La question a été vidée en ce qui me concerne.

**M. Arthur:** Je voudrais parler des déclarations qui apparaissent à l'alinéa 15. L'Institut du textile suggère que la méthode de fixer et de déterminer la valeur normale d'après l'article 9 (2) b), soit facultative. Au sujet d'un «produit similaire destiné à la consommation dans le pays exportateur» ou encore: «Lorsqu'aucune vente du produit similaire n'a lieu au cours d'opérations commerciales normales sur le marché intérieur du pays exportateur.»

La première citation se situe au niveau du pays exportateur dans son marché local, tandis que la deuxième sous-entend qu'il doit y avoir vente dans ce pays.

Il s'agit de déterminer la valeur normale, d'après l'expérience de l'exportateur sur son marché domestique. Le sous-alinéa 2 parle de l'obligation, d'après le Code, que ce soit des ventes dans les pays exportateurs. Je voudrais aussi vous reporter à l'article 3 de la Loi, adopté par la Finalnde, pour remplir leurs obligations d'après leur Code:

... par la valeur normale, on entend le prix de produits semblables aux produits importés, qui est comparable à un prix d'exportation et auquel prix les produits sont vendus pour la consommation domestique dans le pays exportateur.

Un autre commentaire se rapporte à la discussion que nous avons eue l'autre jour et, à ce moment-là, j'ai essayé de démontrer au Comité qu'en déterminant les ventes des autres vendeurs, le sous-ministre du Revenu national devrait tenir compte des diverses dispositions de l'article 9, alinéa 1. Car la terminologie de l'alinéa 2, en considérant les ventes par les autres vendeurs, se rapporte aux conditions de vente telles qu'établies dans l'alinéa 1.

Je voudrais aussi vous dire, monsieur le président, que le sous-ministre est libre de tenir compte des ventes du vendeur qu'il veut utiliser dans le but de déterminer la valeur normale. Il est possible que cela puisse être étudié plus clairement, mais je suggère que le sous-ministre est libre de le faire. Il est possible qu'il ne tienne pas compte des ventes, comme dans l'exemple donné des chemises de Hong Kong dans le Royaume-Uni.



## [Text]

**Mr. Hehner:** There is only one other comment I would make, sir, on that point. If it were to be adopted as a rule of interpretation that two articles, almost identical, should be distinguished as to kind because one of them was made in the United Kingdom and the other was made in Hong Kong, this would obviously meet the situation. I am not certain that that is a distinction which would be made if the articles were almost physically identical.

The other point I would like to make, Mr. Chairman, and on which the Committee might wish to direct its attention in its subsequent sessions when you are not receiving representations, is the aspect of the time required. Again, sir, this is a mandatory section. It does not say there "may" be substituted for the exporter, it says there "shall" be. It seems to me that this imposes a requirement on the Customs and Excise Division to go hunting all over a country and a foreign country at that, to find vendors. Let us not think of the United Kingdom, let us consider an export to Canada from any country you might want to mention. This clause says that if that particular exporter does not have an adequate home market selling base to support establishing normal value it is incumbent upon the Deputy Minister to go hunting for every other vendor or a large selection of other vendors in that foreign country which could be Tanzania, which, incidentally, does export to Canada. It could be any place you might want to mention. This seems to me to be an unreasonable requirement and I suggest that there may, indeed, be good reason for looking to another vendor, but if this were put as an optional "he may" rather than "he shall" it would be an improvement.

## ● 1245

**Mr. Arthur:** Mr. Chairman, as I have endeavoured to point out, it was considered by the legal draftsmen that this clause was required to be in keeping with the obligations we have accepted under the Code to look at sales in the country of export.

The other point I would like to make is that I did not suggest a selection of goods, but rather I was referring to vendors and further, that I would suggest to the Committee that the practice of looking at the sales experience of other vendors in the country of export is in keeping with the practice that is now followed under the existing legislation.

**The Chairman:** Gentlemen, are there any other questions on paragraphs 14 to 18 of the brief? If not we will move on to paragraphs 19 to 24.

## [Interpretation]

**M. Hehner:** J'ai seulement une remarque à faire à ce sujet. Si on adopte, comme règle d'interprétation, que deux articles presque identiques devraient être distingués quant à la sorte, parce que l'un serait fabriqué en Grande-Bretagne et l'autre à Hong Kong, cela réglerait le problème. Je ne suis pas certain que cette distinction serait faite, si les articles étaient physiquement presque identiques.

L'autre point que je voudrais faire ressortir, monsieur le président, et que le Comité voudrait peut-être considérer plus tard, dans d'autres réunions, c'est l'aspect du temps requis. Encore une fois, c'est un article obligatoire. On ne dit pas qu'on «peut» substituer, on dit qu'il «doit» être.

Il me semble que c'est imposer une condition à la Division des douanes, qui doit aller voir partout dans le pays, dans un pays étranger en plus. Ne pensons pas seulement au Royaume-Uni, considérons également une importation du Canada de n'importe quel pays. Cet article dit que si cet exportateur n'a pas une bonne base domestique pour supporter le prix normal, le sous-ministre doit aller voir chez tous les autres vendeurs dans les autres pays. Il peut s'agir de la Tanzanie, qui fait des exportations au Canada, ou de n'importe quel autre pays.

C'est une condition déraisonnable et je pense qu'il peut y avoir de bonnes raisons pour aller voir chez les autres vendeurs, mais que ce doit être une chose facultative; on devrait dire qu'il peut et non pas qu'il doit aller.

**M. Arthur:** Comme j'ai essayé de le démontrer, cet article doit être conforme aux obligations que nous avons acceptées d'après le Code. Nous devons examiner les ventes dans les pays d'exportation.

Un autre point que je voudrais faire ressortir, c'est que je n'ai pas suggéré un choix de produits, mais je parlais des vendeurs. En plus, je suggère au Comité que la pratique d'étudier l'expérience des ventes des autres vendeurs dans les pays d'exportation est conforme à la pratique suivie d'après la Loi telle qu'elle existe.

**Le président:** Est-ce qu'il y a d'autres questions sur les numéros 14 à 18 du mémoire? Sinon, nous allons passer aux numéros 19 à 24.

[Texte]

**Mr. Harkness:** No, Mr. Chairman, I have a question on paragraph 16. At the end of this paragraph it says:

...there should be a requirement that the costing methods used in determining home market "markups" and in costing the goods for export to Canada shall be fully uniform and comparable.

Previous to that it states:

...tax allowances may be made in respect of production for export, which will reduce overhead. Raw materials to produce goods for export may be made available at lower prices than materials to make goods for home consumption.

I wonder if Mr. Arthur or Mr. Hind would have anything to say in connection with this recommendation.

**Mr. Arthur:** Mr. Chairman, I think if I understood the question it deals with the last sentence—

**Mr. Harkness:** Yes, on how this could be done so that the costing methods will be uniform and comparable.

**Mr. Arthur:** Mr. Chairman, I would take it that in making these calculations the Department of National Revenue would ensure that that is the case. I think, sir, that any regulations that were established under this particular clause would ensure that the accounting methods that were acceptable followed good business practice. I think under those circumstances there would be a comparable basis used in determining the markup that would apply.

**Mr. Harkness:** I have been concerned for some time over the various means which can be used and are being used in some countries to, say, provide goods at what is really an artificial price for export by use of devices such as those mentioned here of special tax concessions or of special concessions as far as customs on imports are concerned if the imports are then used to manufacture something which is eventually re-exported, and so on. These are just two examples of various devices along this line which make the determination of the actual value difficult and which make it possible in many cases for goods produced in Canada to be badly undercut in price by imports that come into the country.

[Interprétation]

**M. Harkness:** On voit à la fin de l'article 16 du mémoire:

...il devrait y avoir une disposition exigeant que les méthodes d'établissement des prix servant à déterminer la marge de bénéfices pratiquée sur le marché domestique et à établir le prix des marchandises destinées à être exportées au Canada soient pleinement uniformes et comparables.

Un peu plus haut on voit:

...des réductions de taxe peuvent être accordées à l'égard de la production destinée à l'exportation, ce qui diminue les frais généraux. Les matières premières servant à la production de marchandises d'exportation peuvent être disponibles à des prix inférieurs à ceux des matières premières servant à la fabrication des articles de consommation domestique.

Je me demande si M. Arthur ou M. Hind ont quelque chose à dire à ce sujet.

**M. Arthur:** Monsieur le président, si j'ai bien compris la question, c'est au sujet de la dernière phrase.

**M. Harkness:** Oui, à savoir que les méthodes de détermination des prix doivent être uniformes et comparables.

**M. Arthur:** Monsieur le président, si j'ai bien compris, en faisant ses calculs, le ministre du Revenu national doit s'assurer que c'est le cas. Je crois que tout règlement établi aux termes de cet article, devra assurer que les méthodes de comptabilité acceptables suivent la bonne pratique des affaires. Il y aurait alors une base comparable, surtout en ce qui a trait à la détermination de la marge de profits.

**M. Harkness:** Depuis quelque temps, je m'inquiète de certaines mesures auxquelles on a recours dans certains pays, qui produisent des marchandises à un prix ridicule pour l'exportation. Y aura-t-il des concessions particulières, au sujet de la douane, sur les importations, qui seront utilisées dans la production de quelque chose qui va être ré-exporté. Voilà deux exemples seulement de dispositif qui rend la détermination de la valeur actuelle difficile. Il est possible bien souvent que les marchandises produites au Canada soient concurrencées d'une façon nuisible.



[Text]

**Mr. Hehner:** Mr. Harkness, the words "good business practice" that Mr. Arthur just used are exactly what scare us. May I, again, be very specific, sir. It is considered good business practice on the part of many people to cost the goods they are producing for export on an entirely different cost accounting basis than they would cost goods for home consumption.

• 1250

They consider this good business practice. It is quite common for companies to cost goods produced for export on an incremental cost basis. We cannot say that is not good business practice; we cannot say it is not a normal accounting procedure, but the thing we wish to avoid, sir, is this. Perhaps, if it will not be too confusing I will try to give a simple arithmetical example. If you have some goods produced for home consumption with a factory cost of \$100 and they are sold in the home market for \$120. The selling price is then factory cost plus 20 per cent. A normal basis which the Customs and Excise Division has used for years has been the following. Suppose for instance some goods are being exported to Canada with a factory cost of \$95 or a factory cost of \$105, but where there is no home market selling price for this exact article; the Division will value those goods at factory cost advanced by the same 20 per cent mark up which the exporter gets when selling closely similar goods in his home market. When I say 20 per cent I am just taking that figure from my hypothetical example. It could be 5 per cent or if it was perfume it would probably be 500 per cent or more. What we are afraid of is happening today as well as having happened yesterday and for years past. A manufacturer when he makes up his cost figures for his home market production has a factory cost of \$100 and a selling price of \$120. So you establish this 20 per cent mark up as reasonable. However when the manufacturer comes to cost the goods for export to Canada or some other country he shows a factory cost of \$70, not because of physical differences in the goods but because he is following a different cost accounting procedure. This is standard. You cannot say it is not good business practice and that is why we are very much afraid of leaving it on a good business practice basis.

**Mr. Arthur:** Mr. Chairman, my only comment is that clause 9 is based on home market experience of the exporter and while there may be cases that Mr. Hehner is aware of I would assume that the Department of

[Interpretation]

**M. Hehner:** C'est le libellé de bonnes pratiques commerciales. C'est précisément ce qui m'inquiète. J'aimerais être très précis. C'est considéré être une bonne pratique commerciale que d'établir des prix pour les marchandises qui devront être exportées, d'une façon tout à fait différente des marchandises qui seront vendues dans le pays.

On considère que c'est normal. On ne peut pas dire que c'est anormal, mais voici ce qu'on veut éviter. Peut-être que cela ne prêterait pas trop à confusion si je vous donne un exemple. Le principe est celui-ci: Vous avez des marchandises produites pour la consommation domestique au coût de \$100 et qui sont vendues sur le marché intérieur à \$120. Alors, le prix de vente est le prix coûtant, plus 20 p. 100. Alors, la base normale utilisée par les douanes pendant des années, c'est de dire: supposons que vous avez des marchandises qui sont exportées au Canada à un coût de production de \$95 ou \$105, mais où il n'y a pas de marché intérieur.

Nous allons les évaluer au prix coûtant à la manufacture, plus 20 p. 100 que l'exportateur recevra lorsqu'il vendra des marchandises semblables sur le marché domestique. Et quand je parle de 20 p. 100, c'est purement théorique. Ça pourrait très bien être une marge de 5 p. 100 ou, lorsqu'il s'agit de parfum, ce serait probablement 500 p. 100 ou plus. Ce que nous craignons, et nous savons que la chose se produit actuellement, et cela s'est produit dans le passé, que le fabricant, lorsqu'il établit ses prix coûtants, pour le marché domestique, met par exemple un prix de vente de \$100 et un prix de vente à \$120.

Alors, vous tenez compte de la marge de 20 p. 100, qui est raisonnable. Mais quand il fixera des prix en vue d'exportation au Canada ou autres pays, il l'établira à \$70, non pas à cause d'une différence dans la marchandise, mais il suit une méthode comptable différente. C'est normal, paraît-il, chez eux. On ne peut pas dire que c'est une mauvaise coutume, une mauvaise pratique commerciale.

**M. Arthur:** Mon seul commentaire là-dessus au titre de l'article 9 se fonde sur les marchés internes de l'exportateur, et comme il doit y avoir des cas, dont M. Hehner est au courant, je croirais que le ministère du Revenu natio-



## [Texte]

National Revenue in determining the cost of production plus the mark up that will apply will be governed by the experience regarding mark ups and costing associated with goods sold in the exporters home market.

**Mr. Gray:** Mr. Chairman I believe Mr. Hind would like to supplement Mr. Arthur's explanation.

**The Chairman:** Is that agreeable to you, Mr. Lambert?

**Mr. Hind:** Mr. Chairman I only wish to confirm the accuracy of what Mr. Arthur has said, mainly our practice in the past has been to require exactly the same manner of computing the cost of export goods as that used for domestically-produced goods.

In other words, using Mr. Hehner's example we would not accept as the cost of the export goods the \$70 figure that he mentioned; rather we would require the cost of the goods sold for home consumption.

**Mr. Lambert (Edmonton West):** My only comment is that if there is very little sold for home consumption then there is no real costing basis for it. Therefore I think you get an exception to what you say, Mr. Hind.

My point arises in the handling of the canned fruit. As we know, the canning industry in Canada has suggested, in so far as fruit is concerned, that Canadian fruit is at the absolute mercy or was at the absolute mercy, of Australian fruit. In Australia the government had a definite policy of allowing a double labour cost in so far as income tax for the volume of goods that went into export was concerned. In other words a producer could double up on his labour costs on any goods that went into export.

Second, such practices as display allowances, so much per case, say 75 cents per case or \$1.50 a case depending on the size of the case, payable to the retailer if he handled the goods, were followed. No one is going to suggest these are not good business practice. One of them is a result of government policy and the other is done in the trade. Display allowances are general practice in many fields of retailing. How is that handled as an exception to ascertaining the true costs of the goods in the country of export?

• 1255

**Mr. Arthur:** Mr. Chairman this is not related to this particular clause, but I believe—

## [Interprétation]

nal en déterminant les coûts de production, plus la marge de profit s'inspirera de l'expérience acquise touchant les marges de profit et le coût, de même que des marchandises écoulées sur le marché intérieur de l'exportateur.

**M. Gray:** Monsieur le président, je crois que M. Hind voudrait compléter l'explication de M. Arthur.

**Le président:** Est-ce que cela vous va, monsieur Lambert?

**M. Hind:** Monsieur le président, tout ce que je veux dire, c'est souligner la justesse des propos de M. Arthur, c'est-à-dire, la pratique dans le passé et à l'heure actuelle d'exiger précisément les mêmes normes d'évaluation du coût d'exportation qu'au marché intérieur.

En d'autres mots, en suivant l'exemple de M. Hehner, nous n'accepterions pas comme prix coûtant du matériel à exporter, le chiffre de \$70 qu'il a mentionné, mais plutôt le coût des marchandises vendues sur le marché interne.

**M. Lambert (Edmonton-Ouest):** Mon seul commentaire, c'est que s'il y a très peu de choses vendues sur le marché interne, on ne peut pas très bien l'évaluer. Alors, il y a une exception là, monsieur Hind.

Moi, je songe, par exemple, à l'industrie des fruits en boîtes, dans l'industrie canadienne, par exemple; cette industrie est ou était à la merci des confitures ou des fruits en boîtes qui proviennent de l'Australie, parce qu'eux ont suivi une politique qui est le double du prix de la main-d'œuvre par rapport à l'impôt pour le volume de marchandises, de denrées qui sont exportées.

On peut donc doubler le coût de la main-d'œuvre pour tout produit exporté.

Par exemple, il y a les pratiques de présentation, tant pour la caisse, soit 75c, \$1.50 la caisse, dépendant des dimensions de la caisse que l'on doit payer au détaillant s'il doit manutentionner le produit. Personne ne peut dire que ce ne sont pas des bonnes pratiques commerciales. Les pratiques de présentation sont générales dans plusieurs domaines du commerce au détail. Comment peut-on décider d'une exception qui établit le coût réel des marchandises du pays importateur?

**M. Arthur:** Monsieur le président, ceci ne se rapporte pas à cet article en particulier, mais je crois ...

[Text]

**Mr. Lambert (Edmonton West):** No, Mr. Arthur, I put it to you that way because there is a question of good business practice and naturally the double tax allowance is not on goods for domestic production and consumption, and the display allowance does not apply on domestically sold goods.

**Mr. Arthur:** Mr. Chairman, I believe the illustration Mr. Lambert used is one which at least in relation to the double taxation allowance for export has been dealt with. Consideration has been given to the fact that this double taxation is in fact a subsidy and it has been dealt with under the countervailing clause rather than under this particular clause.

**Mr. Lambert (Edmonton West):** What do you do about display allowances?

**Mr. Arthur:** Again, Mr. Chairman, if the display allowance was allowed on home markets sales and there were similar conditions it would not constitute dumping. However, if it were provided only for export sales I am satisfied that the Department of National Revenue would not allow this in the determination of normal value, and if the selling price reflected such an allowance this in fact would be dumping. It would then follow the normal procedure of investigation.

**The Chairman:** Gentlemen it is five minutes to one o'clock and we have had a good morning session. The meeting is adjourned until 3.30 this afternoon in the same room with the same witnesses.

## AFTERNOON SITTING

• 1538

**The Chairman:** Gentlemen, when we adjourned this morning we were dealing with paragraphs 14 to 18 of the brief before us.

Before we start the questioning again, I understand Mr. Hind has some comments to make.

**Mr. Hind:** Mr. Chairman, just by way of clarification I would like to take one moment to say a word or two. I was a little disturbed this morning when I understood that it was being said that the Department took seven years to arrive at a decision.

**The Chairman:** It was from 1961 to 1967.

**Mr. Hind:** I hope I misunderstood what was being said, but I gathered it was being said

[Interpretation]

**M. Lambert:** Il y a une question ici de pratiques commerciales souhaitables. L'impôt double ne s'applique pas aux marchandises pour la production domestique ou la consommation, et le coût de la présentation ne s'applique pas aux marchandises vendues sur le marché domestique.

**M. Arthur:** Monsieur le président, je crois que l'exemple donné par M. Lambert, du moins en ce qui se rapporte à l'impôt double pour l'exportation, a été réglé. Il a été pris en considération que cet impôt double est en fait une subvention, qui a été traitée à l'article compensatoire plutôt qu'à cet article particulier.

**M. Lambert (Edmonton-Ouest):** Que faites-vous des pratiques de présentation?

**M. Arthur:** Si les pratiques de présentation étaient accordées pour les ventes sur le marché domestique et que ce fût dans des conditions semblables, ceci ne constituerait pas une forme de dumping. Toutefois, si ce n'était prévu que pour les exportations, je crois que le ministère du Revenu ne permettrait pas de se servir de cela pour déterminer la valeur normale et si le prix de vente est touché, on pourrait déclarer qu'à ce moment-là, il s'agit de dumping et ceci ferait l'objet d'une enquête.

**Le président:** Il est maintenant une heure moins cinq, nous avons eu une bonne séance. La séance est levée jusqu'à trois heures cet après-midi. Nous interrogerons les mêmes témoins.

**Le président:** Messieurs, lorsque nous avons levé la séance à 12h55, nous en étions aux articles 14 à 18 du mémoire dont vous êtes saisis.

Avant de revenir aux questions, je crois comprendre que M. Hind a certains commentaires à faire.

**M. Hind:** Monsieur le président, j'aimerais avoir une petite explication et ajouter quelques mots ou plutôt quelques explications. J'ai été quelque peu inquiet ce matin quand j'ai entendu dire que le ministère a mis sept ans à prendre une décision. De 1961 à 1967—c'est ce qu'on a dit. J'espère que j'ai mal compris ce qu'on disait mais je crois comprendre qu'on a signalé que le ministère n'avait pas arrêté de décision avant sept ans.



## [Texte]

that the Department did not make a decision for seven years. I would like to reserve our position here because our files are in dead storage, but on the basis of a sheet showing what steps had been taken, I understand that while a question was raised with us in 1961, a firm decision was made by the Deputy Minister of National Revenue in about one year's time, namely in 1962.

I just wanted to correct the impression that no decision was reached until seven years had passed. If the Committee would like to have a recapitulation sheet showing the various steps that took place, I would be glad to furnish that to them. I would not like the impression left that the Department takes this length of time in which to come to a conclusion.

**The Chairman:** I understand Mr. Malone has a telegram to read to the Committee.

**Mr. Malone:** This is a telegram addressed to Mr. Berry, President of the Canadian Textiles Institute.

• 1540

Nous sommes navrés de ne pas pouvoir assister à la présentation du mémoire conjoint de l'industrie du textile sur la loi anti-dumping. Prière de noter que nous endossons sans réserve le contenu du document.

Fédération canadienne des travailleurs du textile Inc. (CSN) et Confédération des syndicats nationaux.

**Le président:** Un instant. Oui, monsieur. Je crois que c'est M. Payette.

**M. Payette:** Monsieur le président, avec votre permission, j'aimerais saisir l'occasion de ce télégramme pour corriger peut-être une impression qu'il m'a semblé ce matin que quelques membres du comité avaient au sujet de notre présentation. Le mémoire qui est discuté cet après-midi et ce matin n'est pas une présentation des manufacturiers de l'industrie du textile, mais bien de l'industrie du textile comme telle avec toutes ses parties.

Les 200,000 travailleurs de l'industrie du textile primaire et du vêtement, ont la ferme conviction qu'ils sont partie intégrante de l'industrie et qu'ils sont sérieusement concernés par les problèmes qui sont à l'étude. Et, je voudrais qu'on se rende compte, que nous tous, et plus particulièrement les 6,000 travailleurs qui, dans les derniers quinze mois, ont vu disparaître leur emploi à cause des problèmes que rencontre l'industrie, sommes

## [Interprétation]

J'aimerais réserver notre position car nos dossiers sont entreposés à Tunney's Pasture mais compte tenu d'une feuille qui indique les mesures qui ont été prises, je crois comprendre que, lorsqu'on a soulevé une question pour le ministère en 1961, une décision ferme a été prise par le sous-ministre du Revenu national dans l'espace d'une année, en 1962.

Ainsi je tiens à rectifier l'impression à savoir qu'aucune décision n'a été prise avant sept ans. Si le Comité veut que je présente une feuille de récapitulation résumant toutes les mesures qui ont été prises, il me fera plaisir de préparer une liste de ce genre. Je ne veux pas du tout laisser l'impression que le ministère prend autant de temps avant de prendre des décisions.

**Le président:** Je crois comprendre que M. Malone veut donner lecture d'un télégramme au Comité.

**M. Malone:** Il s'agit d'un télégramme adressé à M. Perry, Président de l'Institut canadien des textiles.

"We regret very much not to be able to assist in the presentation of the joint brief of the Canadian Textiles Industry on the Anti-Dumping Bill. We approve wholeheartedly the contents of the brief.

Fédération Canadienne Travailleurs du Textile (CNTU) and the Confederation of National Trade Unions."

**The Chairman:** One moment. Yes, sir. Mr. Payette, I believe.

**Mr. Payette:** Mr. Chairman, I would like to take this opportunity to correct an impression which, I think, a few members of the Committee this morning had about our presentation. The presentation of the brief as such which is being considered this morning and this afternoon is not a brief presented by the textile industry manufacturers, but by the textile industry as such including all the parties concerned.

The 200,000 workers of the primary textile industry and the clothing industry are convinced that they are an integral part of the industry and that they are seriously affected by the problems which are being considered. I would like members to take into account the fact that all of us, and especially the 6,000 workers who, in the past fifteen months lost their employment on account of the problems which the industry is facing, are acutely



*[Text]*

des plus intéressés au problème qui nous occupe.

**Le président:** Monsieur Demers, lorsque j'ai mentionné par qui était présenté le mémoire, j'ai bien mentionné les syndicats aussi.

**M. Payette:** C'est tout simplement que quelques membres du Comité m'ont donné l'impression de croire, ce matin, que c'était la présentation des manufacturiers de l'industrie du textile.

**Le président:** Merci beaucoup de votre mise au point.

Un instant, monsieur Hales, je crois que monsieur Demers a quelque chose à dire, aussi.

**Mr. Demers:** Mr. Chairman, and gentlemen, I am not so concerned about procedure or provisional and definitive tariffs or duties, nor do I want to speak on the value of goods. I am vitally concerned in something that transcends the problem which has been exposed for consideration here this morning.

Perhaps it would be well to make known to you the reason why we find ourselves here today joining the industry representatives in attempting to combat the problem that has caused us much pain.

For some years now, our own union, the Textile Workers' Union of America with 8,000 members in the Province of Quebec, has found it necessary to draft resolutions to be presented to its conventions and to talk with representatives from the various textile areas with regard to this problem that was constantly re-occurring and showing the worst of its ugly head.

We realized from the very beginning that we alone could not attempt to emphasize, as we had hoped to, the seriousness and the magnitude of this problem.

Therefore, approximately two years ago we received an invitation to join forces with industry to attempt to study in depth the problem before us and to attempt in every way possible to find solutions to it so that we might live with a progressive and healthy industry in the years ahead.

*[Interpretation]*

interested in the problem which we are considering.

**The Chairman:** Mr. Demers, when I mentioned who was presenting the brief, I also mentioned the unions.

**Mr. Payette:** It is simply that a few members of the Committee gave me the impression, this morning, that it was the presentation of the textile industry manufacturers.

**The Chairman:** Thank you very much for your explanation.

One moment please, Mr. Hales, I believe that Mr. Demers also has something to say.

**M. Demers:** Monsieur le président, messieurs, peu m'importe quelles procédures ou quels tarifs et droits provisoires ou définitifs seront adoptés, je ne veux pas non plus faire d'observations sur la valeur des articles ou des biens. Ce qui m'intéresse au plus haut point, c'est quelque chose qui transcende les problèmes qui vous ont été exposés ce matin.

Peut-être serions-nous bien avisés de vous faire connaître les raisons pour lesquelles nous sommes devant vous aujourd'hui, nous associant aux représentants de l'industrie pour tenter de régler le problème, problème qui nous a causé beaucoup de difficultés.

Depuis un certain nombre d'années maintenant, notre propre syndicat, l'Union des ouvriers du textile d'Amérique, qui compte 8,000 membres dans la province de Québec, a jugé à propos d'élaborer des résolutions présentées au congrès et de s'entretenir avec des représentants des diverses régions où l'on produit des textiles, où il y a des fabriques de textiles, au sujet de ce qui se répétait sans cesse, de ce problème, de cette menace qui planait sans cesse.

Nous avons vu, dès le début, que nous ne pourrions pas, à nous seuls, essayer de faire ressortir aussi bien que nous aurions aimé le faire, le sérieux et l'ampleur du problème.

Et ainsi, il y a environ deux ans, nous avons reçu une invitation. On nous a invité à nous allier à l'industrie pour essayer d'étudier en profondeur les problèmes dont nous étions saisis, et d'essayer par tous les moyens possibles d'y trouver des solutions, afin que nous puissions avoir une industrie prospère et saine au cours des années à venir.

## ● 1545

I have lived through some pretty nasty liquidations and the after-effects are far from

J'ai vu des liquidations désastreuses et je vous assure que les conséquences sont très

## [Texte]

being funny and might I add that the problem is that much more complicated when liquidations occur in an area where there is predominantly textile employment.

Perhaps two-thirds of the contracts we hold with employers in the Province of Quebec are located in areas where predominantly the textile industry offers the greater number of jobs.

We feel—yes, we are having some very bad dreams about this whole problem—that unless we awaken to the real bugaboo, unless we alert ourselves to the need of progressive action to check anti-dumping and everything else that can be related to it, that we face a very dismal future in so far as the industry is concerned and more importantly, the thousands of workers who earn their livelihood in that industry.

We have given hours of our time meeting periodically with the industry heads and I believe that those representing the unions have learned their lesson well. At least I can admit that there were many features and aspects of this problem that were unknown to us—it was like calling out into the dark for some form of relief that never came.

For this reason we dug in. We made it a purpose, our duty, to make sure that we understood it clearly and well and that we could expound upon this subject, not only to our members, but to those who could really do something about it. This is why we appeal to you and we appeal to you in the loudest voice we can use because time is short.

Unless there are measures taken to fortify the situations that are somewhat hopeless I feel that perhaps we will have taken a giant step backwards. If it is true that to stand still is to go backward, then gentlemen this is what we face. I shall not sit by idly allowing thousands of our members to have faith today when they are told that because of dumping and because of increasing imports, jobs in the textile industry in Canada are no longer available to Canadians.

## [Interprétation]

malheureuses et je puis ajouter aussi que le problème est plus complexe lorsque des liquidations surviennent dans une région où l'emploi est surtout dans l'industrie des textiles.

Peut-être les deux tiers des contrats que nous avons passés avec des employeurs dans la province de Québec portent-ils précisément sur des régions où l'emploi prédominant est celui des industries textiles, des fabriques de textiles?

Évidemment, tout ce problème nous crée des cauchemars, à moins que nous puissions nous réveiller à la réalité, à moins que nous puissions bien comprendre la nécessité qu'il y a d'adopter des mesures progressistes pour contrecarrer le dumping et tout ce qui s'y rattache, j'estime que nous faisons face à un avenir très peu prometteur, tant en ce qui concerne l'industrie et ce qui compte encore plus, qu'en ce qui concerne les milliers de travailleurs qui gagnent leur pain grâce à cette industrie.

Nous avons consacré des heures et des heures à avoir des réunions périodiques avec les dirigeants de l'industrie. Et, je crois que ceux qui représentaient les syndicats ont bien appris leur leçon. Au moins, je puis reconnaître, pour ma part, qu'il y avait bien des aspects et bien des caractéristiques de ce problème que nous ne connaissions pas. C'est un peu comme crier dans le désert pour obtenir une aide qui n'est jamais venue.

Et, pour cette raison, nous avons approfondi, nous nous sommes enfoncés, nous nous sommes lancés et nous nous sommes efforcés de voir à ce que nous puissions comprendre clairement et nettement, pour que nous saisissions toutes les données du problème et les expliquer, non seulement à nos membres, mais aussi à ceux qui pouvaient faire quelque chose pour y remédier. Et, nous vous lançons cet appel et nous le lançons de toute la force de nos poumons car nous savons que le temps passe vite.

Et, à moins que des mesures ne soient adoptées pour contrecarrer la situation, pour circonscrire une situation qui devient désespérée, j'estime que nous aurons rétrogradé considérablement. Si c'est vrai que l'immobilisme est un recul, et bien, c'est exactement ce qui se passe en ce moment, messieurs. Et, je ne veux pas rester les bras croisés et laisser des milliers et des milliers de nos membres à voir le jour où on leur dira, qu'à cause du dumping, qu'en raison des augmentations des importations, les emplois dans l'industrie textile du Canada n'existent plus pour les Canadiens.



[Text]

I hope you will bear this in mind because we cannot stress it too strongly. No matter how we might try, the problem is one that cannot be ignored.

I would like to make one last comment. A few years back the machinery replacement program frightened us beyond words. We felt that it meant technology was taking over to the extent that jobs would diminish and that the opportunities for employment would be side-tracked, but we have learned through living with these problems that technology has a role in this industry; that machinery replacement programs have their place.

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Only through this can we manage to maintain employment, good jobs at good salaries in the years ahead. I hope that you will consider in your deliberations the magnitude of this problem and the type of legislation which we feel is necessary to protect the industry and the thousands of workers in it, will be considered. Thank you.

**Mr. Hales:** Mr. Chairman, my question has been answered by the two members of the Textile Workers' Union who have just spoken so well. I was going to ask, Mr. Chairman, if we could hear from the union representatives because, I believe, at least to my knowledge, this is the first time a joint brief between management and labour has ever been presented to a Committee and I commend management and labour on getting together and presenting such a brief as this.

In conclusion I would think that the success of the textile industry in Canada will depend on how well this new anti-dumping legislation is administered and applied.

If we do not apply this legislation as it is intended to be applied, I would suspect that those who have been in the habit of investing money in the textile industry will no longer see fit to invest money in this industry and this would be very regrettable. It is most important that we make sure this new legislation works to the advantage of the textile industry in Canada.

**The Chairman:** Thank you, Mr. Hales. Gentlemen, are there any question or comments on paragraphs 14 to 18 of the brief?

[Interpretation]

J'espère que vous ne l'oublierez pas, car nous ne saurions trop insister là-dessus. Quels que soient les efforts que nous déployons, ce problème ne peut être laissé de côté.

Et, une dernière observation.

Il y a quelques années seulement, un programme de remplacement du matériel nous effrayait, nous terrorisait. Nous croyions que cela voulait dire que la technologie allait remplacer les travailleurs, que le nombre d'emplois allait diminuer, que les occasions d'emplois seraient de beaucoup plus réduites.

Mais, nous avons appris, en ayant ces problèmes au jour le jour, que la technologie et que la technique moderne ont un rôle et que le programme de remplacement des machines a sa place.

Ce n'est que de cette façon que nous pourrions réussir à maintenir de l'emploi, de bons emplois commandant de bonnes rémunérations au cours des années à venir. J'espère qu'au cours de vos délibérations, vous allez vraiment envisager l'ampleur du problème et que le genre de mesures législatives nécessaires, à notre sens, pour protéger l'industrie et les milliers de travailleurs qu'elle emploie, seront envisagées. Merci.

**M. Hales:** Monsieur le président, les deux membres de «Textile Workers' Union of America» ont répondu à ma question dans leurs excellentes déclarations.

J'allais simplement vous demander si les représentants des syndicats ne pourraient pas nous faire des commentaires, car c'est la première fois, je crois, qu'un mémoire conjoint a été présenté, conjointement sous les auspices du patronat et du salariat à un Comité. Je félicite et les représentants du patronat et du salariat de s'être réunis et d'avoir présenté conjointement un rapport. En conclusion, il me semble que tout dépendra de l'application de cette nouvelle loi «antidumping», pour déterminer le succès de l'industrie du textile au Canada.

Si nous n'appliquons pas la loi comme nous serions censés le faire, je suis d'avis que ceux qui ont l'habitude d'investir de l'argent dans l'industrie du textile, ne jugeront plus à propos de faire des placements dans cette industrie et cela serait fort déplorable. Il importe de voir que cette nouvelle mesure législative ait précisément ces résultats pour l'industrie du textile. Telle était la question que j'allais poser. Pouvons-nous les entendre?

**Le président:** Merci M. Hales. Y a-t-il d'autres questions ou d'autres commentaires sur les rubriques 14 à 18?



[Texte]

**Mr. Howard (Okanagan Boundary):** Mr. Chairman, I would like to ask a question of the witnesses who last spoke. The witness said something to the effect that the unions were concerned about the implementation of this anti-dumping legislation. Then he said something to the effect that the unions were concerned about dumping and imports of textiles.

I want to get clear what we are discussing here, because it was my impression that we are discussing only the specific matter of trade which is anti-dumping. We are not here to set ourselves up as a—

**The Chairman:** No, but sometimes, Mr. Howard, some comments are made that are not relevant to anti-dumping. Last week we had comments on the Automotive Agreement.

I let them pass but your Committee is studying the White Paper on Anti-dumping. It is very hard for the Chairman to stop somebody if he brings up something that is not 100 per cent related. However, I will continue to be lenient.

**M. Émard:** Monsieur le président, le dumping est-il la seule chose qui nuise à l'industrie du textile au Canada? Est-ce qu'il y a d'autres raisons pourquoi l'industrie du textile au Canada n'est pas plus florissante, et est même à la baisse, comme on vient de l'expliquer.

**Le président:** Votre question se rattache à celle de M. Howard.

M. Demers avait aussi mentionné dans ses commentaires la question d'importation. Mais votre Comité fait présentement l'étude du Livre Blanc sur l'«anti-dumping».

**M. Émard:** Je comprends. Mais si je peux me permettre une réflexion.

**Le président:** Oui.

**M. Émard:** Ce qui arrive, c'est que, c'est bien beau...

**Le président:** Voulez-vous vous rapprocher du microphone s'il vous plaît?

**M. Émard:** C'est bien beau de discuter clause par clause, mais quand même, il faut comprendre le problème. On n'est pas tous des avocats. Il y en a qui le sont. Pour eux autres, c'est peut-être plus facile de comprendre la portée des clauses proposées. Mais avant de pouvoir comprendre la portée des clauses, il faut comprendre, je crois, la portée

[Interprétation]

**M. Howard (Okanagan-Boundary):** Le témoin a dit que les syndicats se préoccupent de la mise en vigueur de cette loi anti-dumping. Puis il a ajouté que les syndicats s'inquiètent aussi du dumping, et de l'importation des produits textiles.

J'aimerais savoir ce que nous discutons exactement. J'avais l'impression que nous ne parlions que d'un détail particulier, l'«anti-dumping».

**Le président:** Oui, mais parfois, monsieur Howard, il se peut que des commentaires ne se rattachent pas précisément à la lettre du sujet à l'étude, mais il y a d'autres commentaires que nous pouvons faire qui se rattachent au sujet à l'étude.

Votre Comité étudie évidemment le Livre blanc sur l'«antidumping». Mais il est très difficile de couper l'élan de quelqu'un qui fait des observations, même si elles ne se rattachent pas uniquement et complètement au sujet à l'étude. Monsieur Émard, vous aviez des questions à poser?

**Mr. Émard:** Mr. Chairman, I would like to know whether dumping is the only thing that is harming the textile industry in Canada. Are there any other reasons why the textile industry in Canada is not more prosperous than it is; why it is even regressing, as we were told a moment ago?

**The Chairman:** Your question, Mr. Émard, is connected with Mr. Howard's.

Mr. Demers in his comments also referred to imports. But right now your Committee is considering the White Paper on Anti-Dumping.

**Mr. Émard:** I understand. But if you'll allow me to make another comment.

**The Chairman:** Yes.

**Mr. Émard:** What happens is that, it's all very well to...

**The Chairman:** Will you please speak closer to the microphone?

**Mr. Émard:** It is all very well to discuss this clause by clause, but we must understand the problem. We are not all lawyers here. For those among us who are lawyers, of course, it may be much easier to understand the full significance of the clauses which are put forward. But before being able to grasp the full significance of the clauses, I think we

[Text]

du problème. C'est pour ça que je pensais que vous auriez...

[Interpretation]

have to understand the significance of the problem. That is why I thought that you would have...

**Le président:** Je n'ai pas rejeté la question que vous avez posée, monsieur Émard. J'ai dit à M. Howard et je le répète: j'ai été assez large à venir jusqu'à maintenant sur les questions posées par les membres de ce Comité et je n'ai pas d'objections, s'il y a quelqu'un qui veut répondre à votre question. Mais il me semble que M. Hehner...

**The Chairman:** I did not object to the question which you put forward, Mr. Émard. I told Mr. Howard, and I repeat it, that I have been quite lenient up to now regarding the questions by the members of the Committee. I certainly do not object if anyone would like to reply to your question. It seems that Mr. Hehner...

**Mr. Hehner:** Yes, Mr. Emard; there are many other problems which the textile industry has to face which do not involve dumping. There is the problem, for example, of imports from what frequently have been referred to as the low-cost countries—some of the developing countries—which have wage rates running into a few cents an hour. These are problems.

**M. Hehner:** Si vous me le permettez, monsieur Émard, il y a bien d'autres problèmes évidemment, auxquels l'industrie du textile doit faire face. Outre les pratiques de dumping, il y a par exemple le problème des importations de ce qu'on appelle les pays à prix de revient très bas. Là où les salaires versés correspondent à quelques cents l'heure. Cela constitue des problèmes.

However, we have restricted our submission here to those problems caused by imports which are dumped into Canada. My understanding of the comments made by Mr. Demers when he referred to imports, was that he was thinking in terms of imports which are dumped. These other problems are, indeed, very real ones we cannot ignore them.

Cependant, dans la présentation de ce mémoire, nous nous en sommes tenus aux problèmes occasionnés par les importations qu'on jette sur le marché du Canada à l'état de dumping. Et lorsque M. Demers a parlé des importations, je crois qu'il l'a fait pour le véritable dumping. Mais ces autres problèmes sont réels. Nous ne pouvons pas évidemment les laisser de côté. Je dis simplement à cet égard, que parce qu'il y a d'autres problèmes que celui des importations où il y a dumping.

In this connection I would like to say that because there are other problems as well as the problem of dumped imports, it makes it all the more important in trying to compete in the world of international trade where there has been such a great extension of world-wide production with these low-cost countries that we should not, in addition, have to find ourselves competing against dumped imports.

Au moment où on essaie de soutenir la concurrence internationale, alors qu'il y a eu tant d'amplification de la production mondiale, notamment dans les pays où les coûts de production sont peu élevés, il importe d'autant plus de ne pas avoir à surveiller la concurrence de certains produits importés.

Perhaps I could add one more word, sir. We certainly do not regard our submission or our discussion today as part of the recurrent free trade versus protection argument. We are not discussing the duty rates which are provided for protection of Canadian industry which have been substantially lowered all around the world and in Canada, as the result of the international trade agreements, most recently, the Kennedy Round.

Nous ne considérons sûrement pas notre discussion d'aujourd'hui comme une lutte entre le libre-échange et le protectionnisme. Nous ne parlerons pas tellement des taux de douane, ou des tarifs qui protègent l'industrie canadienne et qui ont été réduits dans tous les pays et au Canada à la suite des accords internationaux de commerce, et notamment de la négociation du «Kennedy Round.»

We have restricted our comments here to something that we consider to be of an entirely different nature and which, I believe, the academic economists and others who have propounded fur trade ideas, have themselves generally admitted to be a problem of an entirely different nature.

C'est là quelque chose de tout à fait différent, et même les théoriciens économistes et d'autres, qui ont lancé l'idée du libéralisme, ont déclaré qu'il s'agissait d'un problème d'un tout autre ordre.



[Texte]

In other words, we are talking about the problem of discriminatory pricing, the type of problem where we have domestic legislation that prohibits discriminatory pricing practices and we regard anti-dumping duties—I think they are internationally so regarded and this was set out in the wording of the GATT—as a way of preventing international trade with a discriminatory pricing policy of the type which, if carried on domestically, would be prevented by domestic legislation.

Therefore, Mr. Émard's question is, of course a perfectly valid one. We do have other problems as well. We have restricted ourselves to one, only because of the restricted terms of reference of this Committee, as we have understood it.

**M. Émard:** Si je comprends bien, la meilleure législation au monde sur le dumping ne pourrait protéger l'industrie du textile, en particulier, contre la concurrence qui n'est pas du dumping, mais qui vient du fait que le coût de production dans certains pays peut être tellement plus économique que les coûts de production au Canada.

• 1600

Est-ce qu'il va y avoir quelque chose dans la législation à l'étude sur le dumping, pour protéger contre cette concurrence-là.

**Le président:** Monsieur Émard, vous avez devant le comité ici, le Livre blanc sur l'anti-dumping pour permettre au Canada de remplir ses obligations qui ont été signées en juin 1967. Le Canada comme, je crois, plus de cinquante pays devaient, à partir du 1<sup>er</sup> juillet 1968, aller de l'avant avec le nouveau code sur l'antidumping.

Mais, à cause de circonstances, comme vous le savez comme moi, qui sont arrivées, le Canada a demandé un prolongement et nous devons appliquer le nouveau code le 1<sup>er</sup> janvier 1969. Mais dans la législation que nous avons devant nous, il n'y a rien, je crois, sujet à correction, qu'on va discuter, concernant les importations venant de pays où la main-d'œuvre est beaucoup meilleur marché ou meilleur marché qu'au Canada.

**M. Émard:** Cela ne règle pas le problème du textile dans ce cas-là?

**Le président:** Bien voici, je crois devoir vous répéter, monsieur Émard, que le Livre blanc a été déféré à votre comité pour étude et des suggestions à apporter, si on le désire. Mais, nous avons présentement à étudier le Livre blanc sur l'antidumping.

**Mr. Saltzman:** If I might be permitted to say a word on this. There is a great impor-

[Interprétation]

Ce qui nous préoccupe ici, c'est le problème d'un genre de discrimination dans les prix. Nous avons pris des mesures nationales qui empêchent les pratiques discriminatoires des prix et s'intéressent aussi aux pratiques de dumping. Tout cela est conforme d'ailleurs au libellé des règlements de Gatt. Il s'agit d'un problème de prévention. Il s'agit de prévenir les pratiques discriminatoires de prix à l'échelle internationale, alors que les mesures nationales empêchent ces pratiques sur le plan local.

Donc la question de M. Émard est parfaitement valable. Nous nous limitons à un seul problème, car c'est le mandat limité donné au Comité.

**Mr. Émard:** If I understand correctly, the soundest legislation in the world against dumping could not protect the textile industry, in particular against competition which is not dumping, but which arises from the fact that the cost of production in some countries may be a good bit lower than production costs in Canada.

Will there be anything in the anti-dumping legislation under consideration to provide protection against competition of that nature?

**The Chairman:** Mr. Émard, you have here before the Committee the White Paper on Anti-dumping to enable Canada to fill its obligations signed in June, 1967. Canada, along with over 50 countries, I believe, was to go ahead, starting July 1, 1968, with the new anti-dumping code.

Due to unforeseen circumstances though, Canada asked for an extension and we must apply the new Code starting January 1, 1969. But in the legislation we are now studying there is nothing we shall have to discuss, so far as I can see, and I stand to be corrected, concerning imports from countries where labour is much cheaper or cheaper than in Canada.

**Mr. Émard:** Then this does not settle the textile problem?

**The Chairman:** Mr. Émard, I repeat that the White Paper was submitted to your Committee for study and suggestions. But now we have to study the White Paper on Anti-dumping.

**M. Saltzman:** Monsieur le président, Si vous me permettez d'intervenir, il est très



[Text]

tance to the establishment of effective anti-dumping legislation aside from the question of free versus protected trade because regardless of the level of protection or the absence of protection. In fact an industry can learn to live with things. They can predict what the level of trade is going to be, what the price conditions are in various parts of the world, they can make their investments and, at least, accustom themselves to certain levels.

But where dumping takes place, this upsets the entire planning process of the industry. It is an unpredictable thing: it is an irrational thing and, therefore, seriously interferes with the industry's ability to adapt itself to freer trade.

**Mr. Gillespie:** Mr. Chairman, at various times during our meetings, there has been mention of the fact that there were a number of legal ways that anti-dumping could be circumvented.

I wonder if Mr. Hehner would be able to enlighten us on some of these legal ways and means and whether or not they have been covered by the proposed Bill?

**Mr. Hehner:** I sat not in the witness chair, but in the audience at some of your earlier hearings and heard references to an unnamed consultant who I suspect may have even been myself. I believe, I also heard Mr. Labarge and Mr. Hind when asked if there were these ways, reply that they did not think they should be the ones to publicize them if they did exist.

I can appreciate Mr. Hind's attitude. I do not know how much publicity should be given to them now, but again, since I am afraid I am lacking in discretion and you have asked a very fair question which should be answered, I will say, yes, there are many ways at the present time where it is easy to dump into Canada perfectly legally merely by arranging your business through appropriate channels that, quite bluntly sir, I think the only people who need to pay dumping duties under our present legislation are those who are too lazy to arrange their transactions to avoid our present law.

It is full of loopholes and this, indeed, was the reason why the industry in its brief said that we felt that the present law, if it were vigorously administered, actually did have a potential for giving a fairer and maybe more

[Interpretation]

important d'établir une mesure législative antidumping efficace. Il s'agit d'une question différente de celle du libre-échange et du protectionnisme car le dumping constitue un grand danger pour l'industrie, quel que soit le niveau de protection ou l'absence de protection.

En effet, l'industrie peut apprendre à faire face à certaines situations: elle peut prévoir le niveau du commerce et des prix mondiaux et investir et produire en conséquence ou, du moins, elle peut s'habituer à certains niveaux.

Mais lorsqu'il y a du dumping, cela perturbe complètement le processus de planification de l'industrie. Le dumping est quelque chose d'imprévisible et d'irrationnel, ce qui empêche l'adoption de l'industrie à un commerce plus libre.

**M. Gillespie:** Monsieur le président, assez fréquemment au cours de nos réunions, il a été question du fait qu'il y a un certain nombre de méthodes juridiques pour tourner l'antidumping.

Je me demande si M. Hehner pourrait nous en dire davantage sur les mesures juridiques qui pourraient être prises et s'il en est question dans la nouvelle loi?

**M. Hehner:** J'ai assisté, non en qualité de témoin à quelques-unes de vos séances antérieures et on a parlé d'un expert anonyme; je crois même que c'est à moi qu'on faisait allusion. Je crois que j'ai aussi entendu M. Labarge et M. Hind, lorsqu'on leur a demandé s'il y avait des moyens et qu'ils ont répondu que leurs fonctions ne leur permettaient pas d'en parler publiquement.

Je comprends très bien l'attitude de M. Hind. Je ne sais pas jusqu'à quel point nous devrions faire de la publicité à ces moyens, à ce moment-ci. Mais, vous avez posé une question très juste, et il faut y répondre. Je dirai: oui. À l'heure actuelle, il y a de nombreuses façons très faciles de mettre sur pied une affaire qui permette de faire du dumping au Canada. Cela se fait de façon parfaitement légale, en passant par les voies appropriées pour votre commerce. Franchement, les seules personnes qui doivent payer les taxes contre le dumping sont celles qui sont trop paresseuses pour ne pas organiser leurs transactions pour tourner nos lois.

Cette loi est pleine de lacunes et d'ailleurs c'est la raison pour laquelle l'industrie, dans son mémoire, a déclaré que nous pensions que la loi, si elle était administrée vigoureusement, pourrait nous permettre de donner

**[Texte]**

effective protection against dumping than our existing law does. This, again, depends entirely on administration.

After this preamble, if you want a dozen ways of legally dumping I can give them to you. Suppose I just give you one—

• 1605

**Mr. Gillespie:** I think probably you have answered my question by saying that the draft Bill, given your conditions of speedy and effective administration, will be a very much better law than the existing one from the point of view of the imaginative people circumventing anti-dumping regulations.

**Mr. Hehner:** May I say, sir, in conclusion on this point that as one who knows a large number of ways of legally beating the present legislation, I believe that the proposed draft Bill has given sufficient powers to the Deputy Minister of National Revenue to look through the form of a transaction and to find its reality and that these provisions will enable the administration to deal with all of the situations that until now, they have been unable to deal with.

**Mr. Gillespie:** Thank you.

**Le président:** Est-ce que M. Émard avait terminé ses questions?

**M. Émard:** J'avais terminé mais j'ai une autre question. J'aimerais que M. Hehner nous donne un exemple de la manière de circonvenir la loi.

**Mr. Hehner:** All right, sir, I will give you one example. I think this is a rather good one because not only is it a bit startling, but I have higher authority than myself for saying that it can be done.

Perhaps, Mr. Émard, you and I might go into business and even make a fair bit of money in this next month until the new legislation comes into effect.

I am afraid I must get technical for a moment to explain this wide-open way of beating the law. This is just one of many.

At the present time the section imposing dumping duties is section 6, of the Customs Tariff Act and it sets up two conditions before dumping duties can be imposed. The words are:

In the case of goods exported to Canada of a class or kind made or produced in Canada, if the export or actual selling

**[Interprétation]**

une protection plus juste, plus efficace et plus valable contre le dumping. Je répète que cela dépend de l'administration.

Après ce préambule, si vous le voulez je puis vous donner douze méthodes de faire du dumping de façon légale. Disons que je vous en donne une...

**M. Gillespie:** Je crois que vous avez répondu à ma question en disant que le projet de bill, en tenant compte de l'objectif, c'est-à-dire une application antidumping efficace, nous donnerait une meilleure protection que l'ancienne loi contre les personnes qui peuvent tourner les lois antidumping.

**M. Hehner:** Pour terminer ce point donc, je dirai que je suis de ceux qui connaissent de nombreuses méthodes pour tourner la loi actuelle et je crois personnellement que le libellé actuel du projet du bill donne suffisamment de pouvoirs au sous-ministre du Revenu national et lui permettra de bien examiner la forme d'une transaction et de voir ce qu'elle signifie exactement. Ainsi, ces dispositions permettront à l'administration de régler l'ensemble de la situation, ce qu'elle n'a pu faire jusqu'ici.

**M. Gillespie:** Merci.

**The Chairman:** Was Mr. Émard through with his questions?

**Mr. Émard:** Yes, I was, but I have another question. I would like Mr. Hehner to give us an example of how to circumvent the law.

**M. Hehner:** Très bien monsieur, je vais vous donner un exemple. Je crois que c'est un bon exemple, non seulement parce qu'il est surprenant, mais il existe des autorités plus compétentes que moi qui déclarent qu'on peut le faire.

Monsieur Émard, nous pourrions entrer en affaires et nous faire pas mal d'argent avant que la loi n'entre en vigueur. Il va falloir que je sois assez technique pour vous expliquer cette façon parfaitement ouverte de tourner la loi. Ce n'est là qu'un exemple parmi plusieurs.

À l'heure actuelle, l'article imposant des droits de dumping est l'article 6 du tarif douanier et il fixe deux conditions avant d'imposer des droits de dumping. Le libellé est le suivant:

«Dans le cas de biens exportés au Canada d'une catégorie et d'une classe, produits ou fabriqués Canada, si l'expor-



## [Text]

price to an importer in Canada is less than the fair market value...

## [Interpretation]

tation ou le prix de vente à un importateur au Canada est inférieur à la valeur moyenne du marché...

Then it goes on to say that there shall be dumping duties imposed. One of these two conditions is that goods are of a class or kind made in Canada. The other condition is that the export or actual selling price to an importer in Canada is less than the fair market value. There happens to be a definition in subsection (4) of section 6 and it defines the words "export price" or "selling price" as follows:

...means the exporter's price for the goods...

If you take the words of this definition and put them back into the first section, one of the conditions before you can have dumping duties would be that there must be an exporter's price to an importer in Canada which is less than fair market value. Let me now just take those words and tell you what can happen.

Mr. Émard, suppose you and I go into partnership sometime within the next month and we go to some firm, let us say, in Japan that wants to dump goods into Canada to some large retail store. Let us suppose that the fair market value of these goods has been ascertained to be \$100 there is no argument about that. Everybody admits that this amount has been agreed upon.

The Japanese want to sell these goods to a Canadian store for a price of \$70 which is obviously a dumping price as it is much below the price at which they sell them in Japan.

Et la loi continue en disant: Il y aura des droits de dumping qui seront imposés

Il faut d'abord que le produit soit fabriqué au Canada. Autre condition: l'exportation ou le prix de vente à un importateur au Canada doit être inférieur à la valeur normale du marché. Il se trouve qu'il y a une définition à l'alinéa 4, de l'article 6, il y définit le mot:

prix d'exportation ou prix de vente. Cela signifie le prix de l'exportateur pour la marchandise japonaise, par exemple, qui veut faire du dumping au Canada à un détaillant important. Supposons que la valeur moyenne du marché de cette marchandise soit de \$100. Disons que tout le monde soit d'accord si le prix est de \$100.

Donc ces Japonais veulent vendre cette marchandise à \$70 au Canada. Manifestement, c'est un prix de dumping car il est très inférieur au prix de vente du Japon.

Si vous prenez les termes de cette définition et si nous les remettons dans le texte du premier article, une des conditions avant de pouvoir imposer des droits de dumping est qu'il doit y avoir un prix de l'exportateur à un importateur au Canada qui soit inférieur au prix normal du marché. Maintenant, en revenant sur cette définition, je vais vous dire ce qui peut se produire.

M. Émard, supposons que nous nous associons au cours du mois, adressons-nous à une société.

Nous dirons à la firme japonaise qui n'a aucun rapport avec nous—c'est une firme indépendante—vous nous vendez les marchandises, à M. Émard et à M. Hehner à \$68. Nous vendrons les marchandises à l'organisation détaillante au Canada à \$70 et nous ne toucherons jamais ces marchandises. Nous dirons à la société japonaise d'envoyer directement les marchandises au détaillant canadien. La note sera envoyée à nous pour \$68 et nous ferons payer \$70 au magasin de

We would tell the Japanese firm—it is not related to us it is an independent firm—you sell the goods to us—to Mr. Émard and Mr. Hehner—for \$68. We would sell the goods to this Canadian retail organization for \$70 and we would never handle the goods, sir. We would then tell this firm in Japan to ship the goods direct from Japan to the retail store in Canada and to bill us for the goods for \$68 while we would charge the store in Canada



## [Texte]

\$70. We would make \$2.00 on the transaction and we would have done no work. All we would have done was to write two letters.

• 1610

I am telling you, sir, that under those circumstances and under our present law you cannot charge dumping duties. The Canadian retail store would get the goods at a dumped price and dumping duties could not be charged because the exporter would be the firm in Japan and the importer would be the retail store in Canada. The goods would be shipped direct. The retail store would import them. You and I would not.

There would be no exporter's price to the Canadian importer. The exporter's price would be to you and me. Since the law says that there must be an exporter's price to the Canadian importer which is less than fair market value before dumping duties can be imposed we would have just arranged a transaction where there would have been no such thing.

This sounds a bit extreme and I must admit that it sounds a bit like Santa Claus, it is so absurd, but this is just one of a dozen different ways—actually more than a dozen, that is a nice round number—of getting around the law.

I have in front of me a decision by Mr. Justice Jaccett, the President of the Exchequer Court of Canada, delivered from the bench on June 2, 1967.

If you wish I could open up the appropriate part of the judgment and quote you Mr. Jaccett's words to show that what I have just told you is exactly correct and that under such circumstances you can never charge dumping duties. This is an example that you asked for, sir.

**Mr. Emard:** Thank you very much.

**The Chairman:** Yes, Mr. Roberts, I hope we are not going to ask for any more examples because Mr. Hehner said that under the new law this will be harder to do. Remember it takes more than a month to organize a company and so...

**Mr. Roberts:** I just wanted to ask whether he can see any obvious loopholes in the draft Bill. Will all of his more than a dozen techniques be ruled out by the effective administration of the proposed Bill?

**Mr. Hehner:** Practically all of the ways of which I have knowledge for arranging a transaction and to dump legally—I am saying legally—there is a corresponding loophole in the law.

## [Interprétation]

détail, nous gagnerons \$2.00 sur la transaction car nous n'avons rien à faire, nous avons à écrire deux lettres, un point c'est tout.

Monsieur, dans ces conditions, avec les lois actuelles, il n'est pas possible d'imposer des droits de dumping. La boutique de détail canadienne reçoit cela à un prix de dumping, on ne peut pas lui imposer les prix de dumping. L'exportateur est japonais. L'importateur est la boutique canadienne, c'est la boutique qui importe, nous n'importons pas.

Il n'y a pas de prix d'exportation à l'importateur canadien, le prix de l'exportateur est le prix qu'on nous fait payer à vous et moi. Comme la loi déclare qu'il doit y avoir un prix d'exportateur à l'importateur canadien, qui doit être inférieur à la valeur moyenne du marché avant d'imposer des droits de dumping, nous avons préparé une transaction où il n'y a rien de tel.

C'est un cas extrême, ça semble être un petit peu comme le Père Noël, ça semble absurde, c'est une des douzaines de façons, il y en a plus d'une douzaine, c'est un chiffre rond.

J'ai ici une décision du juge Jaccett, président de la Cour de l'Échiquier du Canada, jugement rendu sur le banc le 2 juin 1967.

Je pourrais vous citer les passages du jugement du juge Jaccett où il est fait mention que ce que j'ai dit est exactement vrai et qu'il n'est pas possible d'imposer des droits de dumping. Voilà un exemple, vous en voulez un, vous en avez un monsieur.

**M. Émard:** Merci beaucoup.

**Le président:** Oui, monsieur Roberts, j'espère qu'on ne va pas nous demander d'autres exemples, car M. Hehner nous dit qu'avec la nouvelle loi, il sera plus difficile de faire cela et il faut plus d'un mois pour organiser une société.

**M. Roberts:** Je voudrais savoir si vous pensez que la nouvelle loi comporte des lacunes évidentes, il y a plus d'une douzaine de méthodes, est-ce qu'elles seront toutes éliminées par cette nouvelle loi?

**M. Hehner:** Aucune des méthodes, pardon monsieur, je vais modifier ma déclaration. En pratique, la plupart des méthodes que je connais maintenant pour organiser des transactions et pour faire du dumping légal, je dis légalement car il y a une lacune, sont éliminées,

[Text]

However, I think practically all of those ways have been closed up. There are a couple of ways still left that have not been closed up but we have drawn attention to those in our brief and I think we will be coming to them as we move along.

**Mr. Roberts:** Thank you very much.

**The Chairman:** Gentlemen, are there any more questions?

**Le président:** Oui, monsieur Trudel.

**M. Trudel:** Ma question s'adresse à M. Demers, monsieur le président. L'impression qui se dégage de ce qu'a dit M. Demers est qu'il semble croire, et je veux qu'il me corrige si je fais erreur, que dans la loi, telle que présentée par nous, il y a quelque chose qui irait à l'encontre de l'intérêt du travailleur de l'industrie du textile. Est-ce exact?

Si tel est le cas, j'aimerais bien qu'il nous fasse savoir où, dans cette loi que nous étudions présentement, il est fait mention de quoi que ce soit qui pourrait être au détriment et du travailleur et de l'industrie du textile?

**Mr. Demers:** No, it was not, and perhaps it was best answered by Mr. Hehner when he said the new legislation will close up a lot of the loopholes. But I am as concerned as you are about the one or two that remain that could be damaging and I would hope that they would be exposed before the meeting comes to an end this afternoon.

**The Chairman:** Gentlemen, are we through?

**Mr. Trudel:** I have another question, Mr. Chairman, and this one I would like to direct to Mr. Hehner. He made reference this morning to the industry in general and to the difference between a healthy and unhealthy one and that the Tribunal would be ruling or taking into consideration the state of the industry or a particular manufacturer. Did I get that inference correctly, Mr. Hehner?

**Mr. Hehner:** I think, sir, I drew attention to the function of the tribunal in determining what is injury and I really asked, as a question, whether the Tribunal was to take into account the general healthiness of the industry or not. This was put as a question.

• 1615

I may say, sir, the reason I put the question was that at one time a statement was made—I can actually tell you the date, it was made on July 18, 1967—at a public meeting.

[Interpretation]

Il reste encore quelques possibilités qui n'ont pas été éliminées, nous avons attiré l'attention là-dessus dans notre mémoire et nous étudierons ces possibilités plus tard.

**M. Robert:** Merci beaucoup.

**Le président:** D'autres questions, messieurs?

**The Chairman:** Yes, Mr. Trudel.

**Mr. Trudel:** My question is addressed to Mr. Demers, Mr. Chairman. The impression left by what Mr. Demers has said is that he seems to believe, and I stand to be corrected, that there is something in the Bill, as submitted by us, which is contrary to the interest of the textile industry worker. Is this so?

If this is the case, I should like to have him point out to us where, in this Bill we shall now be studying, anything is mentioned which might be detrimental to both the worker and the textile industry?

**M. Demers:** Non, tel n'est pas le cas. La meilleure réponse a été faite par M. Hehner, qui a dit que la nouvelle mesure législative éliminera beaucoup de lacune. Je m'inquiète autant que vous qu'un ou deux éléments qui demeurent pourraient être dommageables et j'espère qu'on les découvrira avant la fin de la réunion de cet après-midi.

**Le président:** Messieurs, avons-nous terminé. Monsieur Trudel?

**M. Trudel:** J'ai une autre question que je voudrais poser à M. Hehner. Il a mentionné ce matin l'industrie en général et il a fait une distinction entre une industrie saine et une autre qui ne l'est pas et que le Tribunal statuerait ou prendrait en considération la condition dans laquelle se trouve l'industrie ou un fabricant en particulier. Ai-je bien compris, monsieur Hehner?

**M. Hehner:** Je crois, monsieur, que j'ai attiré votre attention sur les fonctions du tribunal qui détermine ce qui est mauvais et ce qui est bon. J'ai posé la question de savoir si le tribunal devait tenir compte de la santé général de l'industrie ou non, voilà la question que je posais.

Je dois dire, monsieur, que la raison pour laquelle j'ai posé la question est la suivante: à un certain moment, une déclaration a été faite, je pourrais vous donner la date, la déclaration a été faite le 18 juillet 1967, à une réunion publique.



*[Texte]*

The significance of this date is that it was on June 30 or July 1, 1967 that the text of the international Code was made public. Shortly thereafter a meeting was arranged by the government departments concerned to explain to a Canadian industry the implications of the new Code.

May I be permitted to interrupt my comments at this time to say we have found that the steps taken by the government departments, in particular the Department of Finance, to make sure that Canadian industry has been kept well informed at every stage and to give an opportunity for making representations, have been exceedingly helpful and we have nothing but praise for the way in which the Department of Finance has approached this problem.

However, at this public meeting on July 18—I say public as anybody who was interested was invited to attend.

When we were discussing this question of determination of injury, the statement was made—I will read from notes that I took on that day at the time of the question: "It was a case of has an injury been caused. This cannot be equated with the health of an industry. That is irrelevant. The question is solely, is dumping causing injury and this should be decided on its merits whether the industry is healthy or otherwise."

In other words, the fact that an industry is healthy does not mean that it should be subjected to the discriminatory price practices of dumping. We noted that point very carefully at the time and I might say took considerable relief from it. However, at subsequent dates suggestions have been made quite to the contrary, again in discussion. It was for that reason that we made the comment in our statement. We were asking if this was correct.

We thought the point should be brought out so that the members of the Committee would have an understanding of whether this injury Tribunal is going to look solely at the question of whether dumping is causing injury or whether it is expected to go further and say: "Well, he can afford to be injured; he is a nice strong man."

**Mr. Howard (Okanagan Boundary):** Mr. Chairman, may I ask if there is any particular country that is causing more trouble with dumping than any other country?

*[Interprétation]*

Ce qui est important, c'est que c'était le 1<sup>er</sup> juillet 1967 que le texte du code international a été rendu public, le 30 juin ou le 1<sup>er</sup> juillet. Très peu de temps après, une réunion a été organisée par les services du gouvernement, qui étaient intéressés, pour expliquer à l'industrie canadienne les implications du nouveau code.

Que l'on me permette d'arrêter ici pour dire que nous avons constaté que les mesures prises par les services du gouvernement, en particulier le ministère des Finances, pour s'assurer que l'industrie canadienne était bien informée à toutes les étapes et pour lui donner la possibilité de faire des représentations, ont été excellentes et nous ne pouvons que nous féliciter de la façon dont le ministère des Finances a réglé ce problème.

Mais lors de cette réunion du 18 juillet, qui a été une réunion publique, n'importe qui pouvait y assister, toutes les parties intéressées pouvaient y venir.

Lorsque nous avons discuté la question de la détermination des faits dommageables pour l'industrie, il a été dit et je lis les notes que j'ai prises, dans une déclaration qui a été faite que lorsque des dommages ont été occasionnés, cela n'a aucun rapport avec l'état de toute l'industrie, cela n'est pas pertinent. Il ne s'agit de juger du dumping que sur les faits, que l'industrie soit saine ou non. En d'autres mots, le fait que l'industrie est saine ne signifie pas qu'elle doit être soumise au prix discriminatoire et au dumping. Nous avons évalué cela très longtemps et cela nous a beaucoup soulagés.

Cependant, ultérieurement, on a dit, on a fait des déclarations assez contraires, c'est pourquoi nous avons déclaré nous-mêmes, nous avons demandé si cela était correct.

Nous avons voulu présenter cela aux membres du Comité et nous voulons qu'ils comprennent que ce tribunal qui examinera les dommages, ne le fera que dans les cas de dumping ou, si de temps à autre, il dira: eh bien, un tel peut très bien subir des dommages puisqu'il est solide, sain.

**M. Howard (Okanagan Boundary):** Je voudrais savoir s'il y a des pays particuliers qui font plus de dumping que d'autres?



[Text]

**M. Hehner:** I do not think so, sir. The United States is, of course, still our greatest trading partner and, for that reason, there is a great deal of dumping from the United States because of the fact of geography and the facts of the comparatively common tastes of our two peoples. Canadians see the same advertising in our newspapers, our publications, over the TV, of the same types of goods that are used in the United States, and you can get over-night delivery, let us say, from New York to Montreal.

When a firm is running off a million yards of a product it is so easy, to run off another 50,000 yards for the Canadian market and to say: "Here it is; anything we can get over the bare cost of production is sheer gravy for us."

The United States has been a major source of dumping merely because of the accidents of geography and common tastes. Dumping however, occurs regularly from practically all of the countries.

It is a general fact of life in the textile industry all over the world that you try to get extra volume and then sell the goods in a market other than your home market so you will not break your own home market price and sell it off for anything that will contribute partially towards your overhead.

• 1620

**Mr. Howard (Okanagan Boundary):** One of the characteristics of the textile industry is that you are grappling with the problem of style at all times. It is customary to unload goods that are out of style or that are moving slowly on the market within your own market or perhaps on somebody else's market, if you can.

This is a legitimate method of doing business in the textile and clothing industry, is it not?

How do you differentiate between the legitimate selling of out-of-style merchandise and dumping of new merchandise or a new line? How is the Tribunal going to differentiate between these?

**Mr. Hehner:** I am delighted that you brought that point up, sir. I am really delighted because I can not only answer it, but it leads me into one other point as well.

In the first place, of course, it will not be the Tribunal that will be deciding whether that is dumping or whether it is just legitimate cutting of prices as you come to the end of the season. The customs and Excise Division will deal with that.

[Interpretation]

**M. Hehner:** Je ne crois pas monsieur. Les États-Unis sont toujours notre plus grand partenaire commercial. C'est pour cette raison, plus que n'importe quelle autre, qu'il y a beaucoup de dumping des États-Unis en raison des réalités géographiques et, les goûts communs de nos peuples font que les Canadiens voient la même publicité dans les journaux ou même à la télévision des produits utilisés aux États-Unis.

De plus, on peut avoir des livraisons dans la nuit de New York à Montréal et il est très facile, lorsqu'une société fabrique des millions de verges d'un produit d'en fabriquer 50,000 pour les Canadiens et tout ce qu'on peut obtenir en dehors du prix de production est vraiment bon à prendre.

Donc les États Unis ont fait du dumping au maximum en raison des goûts communs et des réalités géographiques, mais tous les pays au monde pratiquement font du dumping.

C'est une réalité dans l'industrie textile du monde entier. On essaye de fabriquer un certain produit. Vous vendez le produit à n'importe quel prix qui vous permettra d'assurer vos frais généraux une fois que vous aurez fourni le marché intérieur.

**M. Howard (Okanagan-Boundary):** Il y a une question de style n'est-ce pas? Il est très facile de se débarrasser des produits démodés ou des produits qui se vendent mal et il est possible de le faire sur son propre marché ou sur le marché de quelqu'un d'autre s'il y a un moyen de le faire.

C'est une méthode légitime de commerce dans l'industrie du textile.

Comment pouvons-nous établir une différence entre un solde légitime de marchandises démodées et le dumping de marchandises nouvelles ou de nouvelle série? Comment le tribunal pourrait-il établir la différence entre les deux?

**M. Hehner:** Je suis vraiment ravi que vous ayez posé cette question, car je peux y répondre facilement et cela me permettra d'aborder un autre point.

En premier lieu, le tribunal n'aura pas à se prononcer sur la question de savoir s'il s'agit de dumping ou d'une réduction légitime du prix à l'approche de la fin de sa saison—ce sera le travail de la direction des accises.

*[Texte]*

I think the criterion as to whether or not it is dumping is very simple. Are you doing this in your home market? The question of dumping, of course, is relating the export price to Canada to your home market prices. The type of dumping I have been talking about has been where goods have been sold in Canada at lower prices than they are being sold in the home market.

The problem created by end-of-the-season runs is another problem which is not, strictly speaking, dumping at all; it is another real problem. However, this point that you have drawn to our attention of seasonal goods, perhaps heightens the subject.

We were discussing this morning of the need for an active participation by the Customs and Excise Division in administration, of their own volition, and not merely on complaint.

You could have goods coming into Canada for a long time without the Canadian industry knowing that they are being imported.

The Canadian industry does not have access to documents of imports made by others. Suppose you do have seasonal merchandise, let us say, blankets which are sold in the autumn and early winter season. Blankets could be imported for a period of several months with the Canadian blanket manufacturers having no way of knowing that they are being imported other than rumour.

These blankets are kept in warehouses by wholesale distributors or by retail organizations for a period of two or three months. They build up their inventory so they will have their stock when it comes time to advertise it for the winter season.

By the time the Canadian manufacturers go to the stores and say: "Where are your orders for the blankets?" and they say: "Well, we are putting them off a little; we think that the season is going to be delayed this year—it is a warm autumn" or any other excuse you want.

When you realize you are not getting your orders and when they come on the market and you find they are there, you can complain all you want but your whole season's business is gone. Those goods were probably imported for enough back so that by the time you do complain the Customs and Excise Division

*[Interprétation]*

Je pense que le critère pour établir s'il y a du dumping ou non est très simple. Est-ce que vous faites ça sur votre marché intérieur? Pour savoir s'il y a du dumping il faut établir une relation entre le prix d'exportation au Canada et le prix sur le marché domestique. Le genre de dumping auquel je faisais allusion est celui qui fait que des produits sont vendus au Canada à un prix inférieur au prix du marché intérieur.

Le problème occasionné par les prix de fin de saison est un autre problème qui n'est pas du tout du dumping. C'est un autre problème important. Cependant, le point sur lequel vous voulez attirer notre attention touche le sujet que nous avons discuté ce matin à savoir le besoin d'avoir une participation active de la part de la Division des douanes, à l'administration du programme.

Cette division pourrait agir d'elle-même, et non à la suite de plaintes. Le problème est le suivant: il peut y avoir des entrées de marchandise au Canada pendant fort longtemps sans que l'industrie canadienne n'ait connaissance de ces importations.

Les producteurs canadiens ne peuvent pas consulter les documents qui indiquent quels sont les produits importés par les autres. Donc, en supposant que des marchandises saisonnières—par exemple des couvertures—soient mises en vente l'automne ou au début de l'hiver, il est possible que des couvertures soient importées pendant plusieurs mois pendant que les fabricants canadiens de couvertures ne peuvent connaître l'existence de ces importations si ce n'est pas les rumeurs qui circulent.

Ces couvertures sont conservées dans des entrepôts soit par des entreprises de détail, soit par des grossistes pendant deux ou trois mois. Ils s'établissent un stock qui sera disponible lorsque le temps de la publicité pour la saison d'hiver sera venu.

Lorsque les producteurs Canadiens se présentent dans les magasins pour offrir leurs produits, on leur répond: «Nous pensons que la saison sera retardée, ou bien nous ne sommes pas pressés, le temps est beau...». On trouve une excuse, n'importe laquelle et cela ne vous procure pas de commandes. Et puis, ce n'est qu'au moment où les couvertures sont vendues sur le marché, que vous êtes en mesure de juger la situation.

Mais alors, vous pouvez vous plaindre tant que vous voulez, il n'en demeure pas moins que toute votre saison est gâchée. De plus, ces marchandises ont pu être importées suffisamment longtemps à l'avance pour qu'au moment de la plainte la Division des douanes ne puisse que vous dire: «désolés, il



[Text]

would have to merely look at it and say: "Sorry, this is time outlawed, we cannot be retroactive."

**Mr. Howard (Okanagan Boundary):** All of the commodities you are dealing with are not as staple as blankets, though. Many of them are ones that are involved in a style cycle and these cycles can be quite different in different countries or different parts of a country. How can this be handled under this kind of Tribunal arrangement?

**Mr. Hehner:** I do not think it can be, sir. I do not want to jump ahead out of sequence, but may I say that this has been dealt with in the past under the existing dumping duty provisions. I would say that the existing dumping duty provisions have been somewhat misused in the sense that they were used to deal with a situation that, strictly speaking, was not dumping. You will find some consequential amendments to the Customs Act, of course, are proposed and are tabled in the White Paper on the last pages.

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These, among other things, provide a mechanism for dealing with goods that are being imported into Canada. I am quoting from page 96:

...under such conditions as to cause or threaten serious injury to Canadian producers...

—When they are not dumped goods.

If, for example, you have a problem of the end of the season, or a problem of advance of the season—textiles and fruits and vegetables, I suppose, could be put in the same category as the growing season starts a little earlier in the United States. Just as the growing season is starting in Canada, they come into over-production, let us say, of tomatoes, or you name it. They sell them off in Canada at low prices but not lower than the prices in their home market. Now, this is not dumping. That has been dealt with in the past by fixed values.

The same thing can exist in the textile industry because of problems of climate—the season is further advanced further south. This same problem would have to be dealt with by these other provisions and not dealt with as dumping.

**Mr. Hales:** Mr. Chairman, I have a short question. Mr. Hehner, it would appear that we have come back to the administration of this proposed legislation again. Mr. Hind, I am sure, could tell us how they operate now, but I am sure they do not just wait for com-

[Interpretation]

est trop tard, il y a prescription et nous ne pouvons pas agir de façon rétroactive.

**M. Howard:** Toutes les denrées dont vous vous occupez ne sont pas aussi stables que les couvertures. Il y a aussi la mode dont le style peut changer selon le pays et selon les régions du pays. Comment peut-on régler cela au tribunal?

**M. Hehner:** Monsieur, je ne crois pas qu'on puisse faire grand chose. Je ne veux pas aller trop vite mais je veux dire que la question a été réglée par le passé grâce aux dispositions de droits de dumping. Je dis que ces dispositions ont été mal utilisées car elles ont été utilisées pour régler une situation qui en fait n'était pas une situation de dumping. Nous proposons des modifications importantes à la loi sur les douanes aux dernières pages du Livre blanc.

Entre autre chose, nous prévoyons un mécanisme pour les marchandises importées au Canada—je cite la page 96—

dans des conditions où elles causent ou menacent de causer un préjudice grave à des producteurs canadiens lorsqu'il ne s'agit pas de marchandises importées en dumping.

Alors, lorsqu'il y a des problèmes de fin de saison, ou encore des problèmes relatifs à une saison qui commence avant son temps normal—et ici le textile et les fruits et légumes peuvent être mis dans le même panier en fait, car la saison commence un peu plus tôt aux États-Unis et lorsque la saison démarre au Canada, ils en sont arrivés à la sur-production pour les tomates et les autres produits. Ces produits sont alors vendus au Canada à bon marché mais pas meilleur marché qu'aux États-Unis: Cela ne constitue pas du dumping.

La même situation peut exister dans l'industrie du textile, où, en raison du climat—la saison est plus avancée dans le Sud des États-Unis—et ce problème doit être réglé à l'aide de ces dispositions et non par la loi antidumping.

**M. Hales:** Une question rapide. Je voudrais demander à M. Hehner—il semblerait que nous en sommes revenus à l'administration de ce projet de loi et M. Hind nous dira certainement comment la loi est présentement appliquée. Je pense qu'on n'attend pas



## [Texte]

plaints to be made. Does the Department not do a lot of investigating on their own rather than wait for complaints? What will be their reaction in the future in this regard?

**Mr. Hind:** Mr. Chairman, Mr. Hales is quite right. We do initiate a great many investigations on our own, that is, without formal complaints from Canadian producers. We intend to continue to follow this practice.

Indeed, we have standing instructions before all our customs ports in Canada—that means over 400 points of entry in Canada—instructing the customs officers to submit immediately to us in Ottawa copies of invoices and entries covering all importations of named sensitive goods. Included in this list are many articles in the textile field.

So, if our officers are doing a good job in the field, they are, each day, sending to us copies of all invoices and entries covering importations of these named goods. On the strength of that, we analyse these documents. If we feel that a dumping investigation is called for, we go ahead at the present time and we will continue to go ahead in the future.

**Mr. Trudel:** Mr. Chairman, I would like to direct this question to Mr. Hehner. It is an expression of an opinion that I would like. Mr. Hehner. Is it possible that dumping could happen in the textile industry without being injurious to the manufacturing trades?

**Mr. Hehner:** Yes, I can think of many circumstances under which that could happen.

**Mr. Trudel:** You have stated that at least the Department would have to prove or police the industry regarding dumping. We have noticed so far, that all the other industries have mentioned they do a lot of policing themselves within their own industries and have found this is still the best way of detecting any dumping that has taken place in the past. Regardless of how many civilian employees we could have on this, we could not be as fast as the industry itself.

**Mr. Hehner:** That is quite true, sir. The textile industry has also done that regularly. We are continually drawing to the attention of the Customs and Excise Division, cases of suspected dumping, as other industries have done. For all I know, we may even have been more active than some of the others and we will continue to do so. The only point I would make—I am back to this again—is that there has been a very heavy burden placed upon

## [Interprétation]

que des plaintes soient déposées. Est-ce que vous ne vous renseignez pas vous-mêmes? Ne menez-vous pas des enquêtes sans attendre que des plaintes soient déposées? À l'avenir quelle sera votre attitude à cet égard?

**M. Hind:** M. Hales a tout à fait raison. Nous entreprenons un grand nombre d'enquêtes sans attendre qu'il y ait de plainte officielle des producteurs canadiens. Nous avons l'intention de continuer cette pratique.

Au fait nous avons des instructions permanentes devant tous les tribunaux des douanes au Canada—ce qui veut dire plus de 400 ports d'entrée au Canada—ordonnant aux officiers de douane de nous soumettre immédiatement, à Ottawa, des exemplaires des bordereaux et des documents d'entrée d'importation, de toute une catégorie de marchandises particulières que nous énumérons et en particulier plusieurs articles de produits textiles.

Nos fonctionnaires font du bon travail sur place, chaque jour ils nous font parvenir copie de tous les bordereaux d'expédition et d'entrée de ces articles. Nous analysons cette documentation et si nous estimons qu'une enquête doit avoir lieu sur des pratiques de dumping nous amorçons cette enquête et nous comptons continuer à le faire à l'avenir.

**M. Trudel:** Monsieur le président, j'aimerais poser cette question à M. Hehner. Est-ce qu'il peut y avoir du dumping dans l'industrie du textile sans que cela nuise au commerce ou aux fabricants.

**M. Hehner:** Oui, dans bien des circonstances cela pourrait se produire.

**M. Trudel:** Deuxième partie de ma question. Vous avez dit que les ministères devraient policer ou surveiller l'industrie au sujet du dumping. Nous avons constaté jusqu'ici que toutes les autres industries ont mentionné qu'elles surveillent étroitement leur propre industrie et estiment que c'est encore la meilleure façon de repérer les pratiques du dumping. Peu importe le nombre de fonctionnaires que nous pourrions affecter à ce projet, nous ne saurions aller aussi vite que l'industrie elle-même.

**M. Hehner:** C'est tout à fait vrai, monsieur. L'industrie textile a également fait cela régulièrement. Nous continuons à signaler à la Division des douanes les cas présumés de dumping. De fait, nous avons peut-être été plus actifs que certaines autres industries. Mais je reviens à un point antérieur. Un fardeau très considérable reposera sur les épaules de la Division des douanes par suite de l'adoption de cette mesure législative.

[Text]

the Customs and Excise Division by this new legislation. I do not back away from a word I said earlier this morning.

I do think there may have been too much emphasis placed upon delays in customs administration for the reason that in the past, with no restrictions on retroactivity, the Customs and Excise Division could afford to take time when it had ascertained all of the facts to go back and, as Mr. Hind has pointed out, they have regularly advised importers that cases were under investigation and they might be called upon to pay additional duties if it were found that the goods were undervalued. That was in the past, sir.

• 1630

The burden that is being placed on the Customs division by this new legislation is a burden of an entirely different type because their powers of retroactivity have largely been taken away from them. I do not think it should necessarily be taken as criticism of the customs administration in the past if it is mentioned that their systems have been geared to operating more slowly because in the past there was an ability to go back.

What we have been emphasizing, and I am sure Mr. Hind recognizes it perfectly, in fact, I think he has said many times he does recognize it, is that in the future the Customs and Excise Division is going to have to gear its operations to a new type of law and the way they have operated in the past will not be adequate in the future because the law will have been changed.

**Mr. Hales:** It is right that an assessor cannot even go back to the first dump?

**Mr. Hehner:** Unless you are in the area of massive dumping where they are given the power to go back 90 days, they have no powers of retroactivity under the proposed legislation. In fact, unless they apply provisional duties at the time of importation they cannot go back.

Suppose that of his own volition or on a complaint, the Deputy Minister were to find a case of alleged injurious dumping that looked adequately enough documented to justify an investigation. If those goods have already entered Canada and provisional duties were not applied to them at the time of import he can conduct all the investigations he wants; he can conclude them within 90 days; he can find that the goods were dumped and the Tribunal can find that injury was caused, but they can only in the future deal without delay with any further dumped imports of the same

[Interpretation]

Je pense qu'on a peut-être trop mis d'accent sur certains délais au sein de la Division des douanes. Dans le passé sans aucune restriction sur la rétroactivité, la Division des douanes pouvait prendre tout son temps, vérifier tous les faits, et revenir en arrière. Régulièrement, on a fait savoir aux importateurs que certaines causes étaient à l'étude et qu'ils devraient peut-être verser des droits additionnels, si les plaintes étaient justifiées.

Maintenant, en raison de la nouvelle loi, c'est une figure tout à fait différente car le pouvoir de rétroactivité n'existe plus en grande partie. Le système a été changé. Dans le passé, la Division des douanes, naturellement, fonctionnait plus lentement; on pouvait revenir en arrière.

Ce que nous signalons, et je suis sûr que M. Hind reconnaît le bien-fondé de cette assertion, c'est qu'à l'avenir, la Division des douanes devra adapter ses services à un nouveau genre de loi. Ce qu'elle faisait dans le passé ne suffira plus pour l'avenir, car la loi a été changée.

**M. Hales:** Est-ce qu'on pourrait revenir même jusqu'à la première pratique de dumping?

**M. Hehner:** A moins qu'il s'agisse de dumping massif, alors qu'on permet à la Division de revenir en arrière 90 jours, la Division n'aura plus de pouvoir de rétroactivité en vertu du projet de loi. De fait, à moins qu'on applique des douanes provisoires au moment de l'importation, on ne peut pas revenir en arrière.

Supposons que le sous-ministre, de son propre chef, ou par suite d'un grief, trouve qu'il y a eu du dumping injurieux et qu'il y a suffisamment de documentation pour une enquête. Si ces biens sont déjà entrés au Canada, et si des douanes provisoires n'ont pas été appliquées au moment de l'entrée, il peut faire toutes les enquêtes qu'il veut. Il peut les terminer en l'espace de 90 jours; il peut constater qu'il y a eu dumping et le tribunal peut trouver qu'il y a eu des torts. A l'avenir, on peut par conséquent empêcher tout autre dumping de ce même genre de



[Texte]

kind of goods. But unless they put provisional duties on those goods at the time they were entered, they cannot go back and deal with the case that provoked the enquiry. This, at any rate, is how we understand the legislation.

**The Chairman:** Are there any questions, gentlemen, on paragraphs 14 to 18? I do not want to seem to press the matter, but we have other witnesses to hear today. I would appreciate shorter questions and, I do not want to appear rude, also shorter replies.

**Mr. Hehner:** I am sorry.

**The Chairman:** I do not want to be rude.

Paragraphs 19 to 24 of the brief deal with clause 10 of the White Paper. I now will give the floor to Mr. Saltsman.

**Mr. Saltsman:** Thank you, Mr. Chairman.

We have had some statements about the loopholes in the existing legislation and I would like to ask Mr. Hehner whether he made these suggested changes in paragraphs 21 and 23 as a way of perhaps closing what he sees might be some loopholes in the proposed legislation?

**Mr. Hehner:** Yes, sir.

**Mr. Saltsman:** Well, that is short enough. It should please the Chairman.

**The Chairman:** Mr. Saltsman, I do not want to give you a false impression. If you can stand more hours, I will, too.

**Mr. Saltsman:** This then is going to become an endurance test, Mr. Chairman, is it?

I wonder if I could I refer the suggestions made in this brief to the Departmental officials for their comments.

**The Chairman:** Mr. Arthur or Mr. Hind?

**Mr. Arthur:** Mr. Chairman, on paragraph 21 of the brief, page 8, the point raised, as I understand it, is to change the words "affecting the price" to "relating to the sale" of the goods. My only comment, Mr. Chairman, is that our legal adviser has suggested that in either case it would have to relate back to the transaction in one form or another and that in their view there would be little difference by this suggested amendment.

[Interprétation]

biens. A moins d'imposer des droits provisoires au moment du dumping, on ne peut pas revenir en arrière et s'occuper de la cause qui a provoqué l'enquête. C'est ainsi que nous comprenons le projet de loi.

**Le président:** Y a-t-il des questions sur les rubriques 14 à 18? Je ne veux pas donner l'impression de vous faire avancer trop rapidement, mais nous avons d'autres témoins à entendre aujourd'hui. Nous aimerions qu'on pose des questions plus courtes, et qu'on donne des réponses plus courtes également.

**M. Hehner:** Je regrette.

**Le président:** Je ne veux pas du tout donner l'impression de manquer de courtoisie.

Les articles 19 à 24 du mémoire traitent de l'article 10 du Livre blanc. Je donne la parole à M. Saltsman.

**M. Saltsman:** Merci, monsieur le président. On a parlé des échappatoires qui existent dans la loi. J'aimerais poser une question à M. Hehner et lui demander s'il apporte ces changements aux articles 21 et 23, dans le but de combler les brèches qui pourraient exister dans la loi.

**M. Hehner:** Oui, c'est exact.

**M. Saltsman:** C'est une réponse très courte qui devrait faire plaisir au président.

**Le président:** Monsieur Saltsman, je ne veux pas du tout donner l'impression qu'il faut y aller trop vite. Si vous voulez que nous siégeons pendant un plus grand nombre d'heures, je suis prêt à le faire.

**M. Saltsman:** Je me demandais si je pouvais déférer la proposition présentée dans le mémoire, aux fonctionnaires du ministère?

**Le président:** M. Arthur ou M. Hind?

**M. Arthur:** Au sujet du paragraphe 21 du mémoire, à la page 10 de la version française, ce qu'on veut faire, si j'ai bien compris, c'est de modifier l'expression «affectant le prix» des marchandises pour l'expression «lié à la vente» des marchandises. Le seul commentaire que je puis faire, c'est que notre conseiller juridique a dit que cela devait naturellement se rattacher à la transaction d'une façon ou d'une autre, et, à son avis, il y aurait très peu de différence. Cette modification proposée n'apporterait pas grand chose de nouveau.



[Text]

[Interpretation]

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**Mr. Hehner:** I am not in a position, Mr. Arthur, to express a legal opinion since I am not a lawyer and I have not had an opportunity to debate this subject with the legal advisers to the Crown. However, if what you say is correct, this is, indeed, a very serious situation and one that should be dealt with by an amendment such more sweeping than the one we have proposed.

Let me be very specific and at the risk of being too verbose, sir, about this comment on a compensatory arrangement affecting the price of the goods. Under our existing law exporters and importers are required to sign certificates that say, and I will just quote from one of them:

That no arrangement or understanding affecting the purchase price of the said goods has been or will be made or entered into between the exporter and purchaser or by any one on behalf of either of them—

There is an almost identical statement signed by the exporter on his export declaration.

I have had legal advice from people whom I consider to be among the most competent lawyers in Canada in this field who have told me that any exporter who makes a compensatory arrangement with an importer can sign this statement with the most utterly complete satisfaction in his honesty. He may be morally dishonest, but legally, no.

If an invoice comes in that says the price of these goods is \$100, that is the price of these goods. If at the same time he makes a compensatory arrangement that will transfer \$30 back in another form, it is a compensatory arrangement, but legally, according to the advice we have been given, it has not changed the price of the goods.

The facts are there, the net cost to the importer is \$70 instead of \$100, but the price of the goods was \$100. This, of course, makes a mockery of the entire law. As I said I have had sound advice from lawyers whose names would be known to everyone in this room that that is the legal effect. That is what we are trying to deal with. We had it in mind that if you said there was a compensatory arrangement relating to the sale of the goods it would get away from that difficulty. If you tell me it will not, then we need an even more sweeping amendment than we have proposed.

**Mr. Arthur:** Mr. Chairman, I do not wish to comment on the legal advisers on either side,

**M. Hehner:** Je ne suis pas en mesure, monsieur Arthur, d'exposer un avis motivé, puisque, je ne suis pas avocat, et je n'ai pas eu l'occasion de débattre cette question avec les conseillers juridiques de la Couronne. Cependant, si vous avez raison, il s'agit d'une situation très sérieuse et il faudra voir une modification beaucoup plus vaste que celle que je propose.

Laissez-moi être très précis au sujet de ce commentaire sur un arrangement compensatoire affectant le prix des marchandises. En vertu des lois existantes, les exportateurs et les importateurs doivent signer des certificats qui stipulent:

prévoyant qu'aucune disposition intéressant le prix d'achat de ces produits ne sera intervenue entre l'exportateur, l'acheteur ou des mandataires.

Il y a un énoncé presque identique, signé par l'exportateur, sur sa déclaration d'exportation.

J'ai demandé des conseils aux avocats qui me semblaient être les plus compétents au Canada dans ce domaine. On m'a dit que n'importe quel exportateur qui conclut une entente compensatoire avec un importateur, peut signer cette déclaration de façon très honnête et très satisfaisante. Il peut être moralement malhonnête, mais légalement honnête.

Si un bordereau arrive et indique que le prix de ces articles est de \$100, c'est le prix de ces articles. Si, en même temps, il fait un arrangement compensatoire, à savoir qu'il doit renvoyer \$30 sous une autre forme, c'est un arrangement compensatoire, mais, d'après les conseils qu'on a reçus, cela n'a pas du tout changé le prix des produits.

Les faits n'en demeurent pas moins que le coût net à l'importateur est donc de \$70 au lieu de \$100, mais le prix des produits est de \$100. C'est donc ridiculiser toute la loi. Comme je vous l'ai dit, des avocats, que vous connaissez tous, m'ont affirmé que ceci était le résultat légal. S'il y avait un arrangement compensatoire sur la vente des biens, on pourrait éliminer cette difficulté. Mais si vous dites que ce n'est pas le cas, nous avons besoin de modifications beaucoup plus précises que celles que nous proposons.

**M. Arthur:** Monsieur le président, je ne désire pas faire de commentaires sur les con-

## [Texte]

but what I did say was that you had to go back to the basis of the transaction. I also would suggest, Mr. Chairman, that what we are talking about here is one side of the equation. We are talking about the export price or the importer's purchase price, whichever is the lesser, and I think under those circumstances, Mr. Chairman, that the law as it is written would take care of the situation to which Mr. Hehner relates.

**Mr. Hehner:** I will say no more, sir, except that I—

**The Chairman:** No, no, I did not want to give the impression that I wanted to cut off the discussion.

**Mr. Hehner:** Oh, no, I understand that. Again, I am not competent to enter into a legal discussion. May I say that I accept, of course, the view that Mr. Arthur has expressed as his expression of a view, but I very much doubt that that will be its legal effect.

**The Chairman:** My comments, Mr. Hehner, were only suggestions. I am at the disposal of the members of the Committee and the witnesses, sir. They may ask questions or make comments at any length they wish.

• 1640

**Mr. Saltsman:** I was just wondering whether we could have a further comment on paragraph 23 which relates directly to the problem outlined in paragraph 21 where it is suggested that an additional paragraph be added saying:

...or by reason of any other circumstance which, in the opinion of the Deputy Minister, provides an effective reduction in the sales price.

**Mr. Hehner:** The reason for that, Mr. Saltsman, again was a fear that after this legislation has been passed by Parliament and comes under the scrutiny of the courts in any particular case we might find a court saying that the wording of Section 10 (2) (b) (ii) says there has to be a "compensatory arrangement" before you can move further. At that stage we were doubtful about how the words "compensatory arrangement" would be construed legally.

We suggested as a catch-all, if you will, that there be an additional provision which would give the Deputy Minister power to look through the form of a transaction to find its real nature, and prevent him from being

## [Interprétation]

seils que donnent les avocats des côtés. Mais ce que j'ai dit, c'est qu'il faut revenir à la base même de la transaction, et je suis d'avis aussi, monsieur le président, que nous ne parlons ici que d'une partie de l'équation. Nous parlons du prix de l'exportation ou du prix d'achat de l'importateur. Je crois que dans ces circonstances, monsieur le président, la loi, dans son libellé actuel, prendrait soin de la situation qu'a soulevée M. Hehner.

**M. Hehner:** Je n'en dirai pas plus, sinon que...

**Le président:** Je ne veux pas du tout donner l'impression que je veux restreindre la discussion. Tel n'est pas le cas.

**M. Hehner:** Non, mais je ne suis pas compétent pour entamer une discussion sur l'aspect légal. J'accepte les vues exprimées par M. Arthur, mais je doute fort que ce soit là les effets juridiques de ces dispositions.

**Le président:** Mes commentaires étaient seulement des suggestions. Je suis tout à fait à la disposition des membres du comité et des témoins. Vous pouvez poser toutes les questions que vous voulez, faire toutes les observations que vous voulez faire et aussi longues que vous le voulez.

M. Saltsman.

**M. Saltsman:** Pourrions-nous avoir plus de précisions au sujet de la clause 23, rattachée au problème soulevé à la clause 21. Il y est suggéré d'ajouter:

«ou en raison de toute autre circonstance qui, de l'avis du sous-ministre, entraîne une réduction effective du prix de vente».

**M. Hehner:** La raison de cet été de choses, monsieur Saltsman, c'est qu'une fois cette mesure législative adoptée par le Parlement et en vigueur dans les tribunaux, il se peut qu'un tribunal déclare: le libellé de l'article 10, 2B (2)(b)(ii), déclare qu'il doit y avoir «arrangement compensatoire» avant que d'aller plus loin. A ces étapes-là, nous nous demandions comment l'expression «arrangement compensatoire» pourrait être interprétée légalement.

Nous avons suggéré, qu'il devrait y avoir une autre clause donnant au sous-ministre l'autorisation d'examiner à fond toute la transaction afin de la bien connaître. Cette clause empêcherait le sous-ministre d'être



## [Text]

blocked off by some legalistic argument that it was a mere understanding, not an arrangement.

**Mr. Arthur:** Mr. Chairman, I imagine that Mr. Saltsman would like to know what our views are on this. I think Mr. Hehner has alluded to the fact that it may well be considered a compensatory arrangement. The other point he made was that he would like to know how the courts might interpret this. Again, this is something that all of us will have to await. As to his suggestion, it is one that we will look at and ask legal opinion on. However, I do believe that it may well fall within the meaning of "compensatory arrangement". Of course, there is provision in the Bill to obtain information which may well prove that this would fall within what might be considered a "compensatory arrangement".

**Mr. Saltsman:** I believe the witnesses have brought to our attention a very important and long range question affecting industry in Canada where there is United States ownership and branch plant subsidiaries. Now, this is not the first time this question has been raised. It has been raised in other contexts regarding research in other areas and now it is being raised on the question of dumping. It seems to me that the legislation will have to contain very definite measures to make sure that the intent of the anti-dumping legislation is not frustrated through these intercorporate arrangements.

I do not know at this time what suggestions I could make. It is a very difficult problem. I raise it because I feel this is a serious problem and I would like to put a question to Mr. Hind. I am just wondering whether it might be less than ridiculous to start thinking in terms of a manifest or a declaration on all sensitive imports into this country to overcome this difficulty.

It is a very real difficulty in a country like Canada and we more so than any other nation in the world suffer from this problem. Although Mr. Hind pointed out there are millions of items crossing the border every year it may become necessary to put the onus on the exporter into Canada to prove that he is not dumping, and that these goods are entering this country under the same conditions that they are being sold on the home market.

• 1645

**The Chairman:** Will Mr. Hind make some comment?

**Mr. Hind:** Mr. Chairman, we do in actual fact, at the present time, require the exporter

## [Interpretation]

arrêté par des sophismes juridiques, comme s'il s'agissait d'une simple entente et non pas d'un accord formel.

**M. C. D. Aurihur:** Je suppose que monsieur Saltsman aimerait connaître notre opinion à ce sujet. Je crois que M. Hehner a parlé de fait qu'on peut considérer cela comme un arrangement compensatoire. Il aimerait aussi savoir quelle interprétation légale les cours pourront donner de ces dispositions. Encore une fois, il va nous falloir attendre, avant de le savoir. Nous allons sûrement étudier cette proposition et demander à ce sujet des avis juridiques, mais il se peut fort bien qu'elle entre dans la catégorie des «arrangements compensatoires».

Et, bien entendu, il y a une disposition dans la Loi, nous permettant d'obtenir des renseignements qui pourront montrer que la dite proposition peut être considérée comme un «arrangement compensatoire».

**M. Saltsman:** Je crois, monsieur le président, que le témoin a soulevé une question très importante et à long terme intéressant l'industrie au Canada dans le cas par exemple de filiales canadiennes, de sociétés américaines. Cette question a été soulevée dans bien d'autres contextes et elle est maintenant étudiée par rapport au dumping. La Loi devra contenir des mesures précises pour s'assurer que les dispositions antidumping ne soient pas entravées par ces ententes entre compagnies.

J'ignore, pour le moment, quelle proposition faire. Je soulève ce problème car j'estime qu'il est sérieux et je me demande—et j'aimerais poser cette question à M. Hind—je me demande tout simplement s'il serait ridicule de commencer à penser à une formule de déclaration pour tous les points d'entrée au pays, afin que ces problèmes ne se présentent pas.

Nous avons beaucoup plus de difficultés que quiconque dans ce domaine au Canada, et nous en souffrons beaucoup. Et, bien que M. Hind ait signalé qu'il y a des milliers d'articles qui passent par les points d'entrée aux frontières chaque année, il faudra peut-être exiger de l'exportateur qu'il prouve qu'il ne fait pas de dumping et que ces articles entrent au Canada aux mêmes conditions que sur le marché local.

**Le président:** Monsieur Hind, voulez-vous faire des commentaires?

**M. Hind:** Monsieur le président, à l'heure actuelle nous exigeons que les exportateurs



## [Texte]

to certify to the correctness of the information shown on the customs invoice. This requires him to show the proper fair market value of the goods in the country of export and the proper selling price.

As Mr. Hehner has just pointed out, one of the points to which the exporter certifies is that there is no arrangement or understanding affecting the purchase price of the said goods, and there will not be any arrangement or understanding affecting the purchase price unless it is brought to the attention of the customs officers.

Now, I do not exactly know what more the Department of National Revenue could ask of an exporter.

**Mr. Saltsman:** May I put this question to you, Mr. Hehner? Do you have any suggestions about what more they might ask?

**Mr. Hehner:** Yes sir, I do. May I start by coming back to this certificate on which I have made an earlier comment, and which Mr. Hind has now brought up.

I mentioned having consulted experts, and having obtained legal opinion on the phrase, "arrangement or understanding affecting the purchase price". I should have added that in addition to legal opinion there have been some court cases on that. I regret that I do not have this one with me in my bag but I think it was an Ontario Supreme Court case involving Smith Brothers Cough Drops where the Customs and Excise Division had taken action because of allowances that were made. The Court decided that these allowances did not affect the purchase price of the goods. They were a separate matter. The point that I make then, Mr. Saltsman, is simply this.

I think we are trying to achieve an objective. The objective is to prevent injurious dumping. I think the law has got to be broadly enough phrased so that you cannot escape the law merely by giving an allowance and saying, that it is a different kind of an allowance and it does not affect the purchase price of the goods.

I believe that the Customs and Excise Division has got to ask more questions than it has.

Mr. Hind has pointed out that they require at the present time a certification of fair market value. Now, I do not know what plans the Customs and Excise Division may have made for dealing with the new statute, which we presume will be in effect January 1.

But of course, we are no longer going to be dealing with fair market value. We will be dealing with fair market value for purposes of calculating the ordinary duty rates of 10 per cent or 20 per cent or whatever the statute says.

## [Interprétation]

attestent l'exactitude des renseignements contenus dans le bordereau. Ils doivent indiquer la juste valeur marchande et le prix de vente.

Comme M. Hehner vient de le signaler, l'un des points que doit certifier l'exportateur, c'est qu'il n'y a pas d'entente intéressant le prix d'achat, à moins qu'on ne le signale aux préposés aux douanes.

J'ignore exactement ce que le ministère du Revenu national pourrait demander de plus à un exportateur.

**M. Saltsman:** Monsieur Hehner, avez-vous des suggestions à faire quant à ce qu'on pourrait demander?

**M. Hehner:** Sûrement. Puis-je revenir d'abord sur cette question de certificat, que j'ai mentionnée plus tôt, et que M. Hind maintenant soulève.

J'ai consulté des experts juridiques au sujet de l'expression «arrangement» affectant le prix d'achat. Il y a eu des causes présentées devant les tribunaux à ce sujet. Je regrette de ne pas avoir les dossiers, mais c'était devant la Cour Suprême de l'Ontario, une cause intéressant «Smith Brothers» fabricants de pastilles contre la toux. La Division des douanes et accises avait présenté une enquête en raison de certaines allocations qui auraient été versées. Le tribunal a déclaré que ces allocations n'avaient pas affecté le prix de vente des marchandises.

Notre objectif, c'est d'empêcher le dumping nuisible. Je crois que la Loi doit être suffisamment générale et suffisamment vaste pour qu'on ne puisse y déroger simplement en justifiant une allocation et en disant: C'est là une allocation différente qui ne modifie pas le prix de vente.

Je crois que la Division des douanes et accises doit poser plus de questions. A l'heure actuelle, il faut avoir un certificat de juste valeur marchande. J'ignore quels sont les projets de la Division des douanes et accises pour l'application de la nouvelle Loi, qui devrait devenir exécutoire le premier janvier.

Nous n'allons plus nous occuper de juste valeur marchande, ou peut-être pour calculer les taux de douanes ordinaires, de 10 et de 20 p. 100, ou quelques droits qu'impose la Loi:

## [Text]

This will all still remain in effect. When you say 20 per cent of what? What is the fair market value; it was the selling price.

However, now we are introducing through this new statute entirely different concepts. Normal value and fair market value may well not be the same thing. In fact I doubt that they would be the same thing too often. Normal value is defined differently to fair market value.

Until I know what the Customs and Excise Division is planning to ask in the way of new forms and new requirements I do not know whether it will be adequate or not, but so far we have not been told that they are planning to introduce new forms. Maybe they are and we certainly welcome the information. Unless they introduce new requirements effective on January 1, they just will not be asking any questions relating to normal value.

**Mr. Hind:** Mr. Chairman, I wonder if it would help Mr. Saltsman if I pointed out that in the proposed act the Deputy Minister is empowered to require the exporter to submit certain information to him attested under oath and in prescribed form?

**Mr. Saltsman:** I think that is very helpful. The question is, if the information... I think that part of it is helpful. However, we have to determine whether he is asking for sufficient information or information that will give us the knowledge we want to have about it.

• 1650

**Mr. Hind:** Mr. Chairman, we are currently addressing ourselves to this very important problem, in the course of which we will design a list of points on which we require information, and we hope this list will be all-inclusive.

**Mr. Saltsman:** May I ask when that list will be ready for the Committee's examination?

**Mr. Hind:** Mr. Chairman, we will get on with this as quickly as we can, and I will undertake to table it with the Committee as soon as possible.

**Mr. Saltsman:** I imagine that the industry will then be able to take a look at the list and provide any comments to this Committee after seeing the list?

**Mr. Hehner:** Yes, I avoided your question, or at any rate did not deal specifically with it, because I was aware of clause 34, appearing

## [Interpretation]

«Nous l'utiliserons encore: quand on disait: «20 p. 100 de quoi?», la juste valeur marchande, c'était le prix de vente.

Mais, maintenant, nous sommes en train de présenter un tout autre concept. Il se peut que «juste valeur marchande» ne signifie pas la même chose que «valeur normale». La «valeur normale», a, je crois, une signification tout à fait différente.

Jusqu'à ce que je connaisse les projets de la Division des douanes et accise, au point de vue nouvelles exigences, j'ignore si cela sera suffisant ou non, mais jusqu'ici, on ne nous a pas dit qu'on préparait de nouvelles formules. C'est peut-être le cas et je me réjouirais, mais, à moins qu'on impose des nouvelles exigences, il n'y aura pas de questions concernant la valeur normale.

**M. Hind:** Monsieur le président, je me demande si cela aiderait M. Saltsman, si je signalais que, dans le projet de loi, il est stipulé que:

Le sous-ministre est autorisé à obliger l'exportateur à présenter, à lui présenter certains renseignements sous forme de déclaration assermentée.

**M. Saltsman:** Je crois que cette disposition est très utile, mais nous devons aussi savoir si on va demander suffisamment de renseignements ou non, renseignements qui nous permettront de savoir ce que nous voulons savoir.

**M. Hind:** Monsieur le président, nous examinons sans cesse ce problème très important et nous allons préparer une liste de points pour lesquels nous avons besoin de renseignements. Nous espérons que cette liste sera exhaustive.

**M. Saltsman:** Quand cette liste sera-t-elle prête? Est-ce que le Comité pourra l'étudier?

**M. Hind:** Monsieur le président, nous allons nous y mettre le plus rapidement possible et je vais la déposer auprès du Comité le plus tôt possible.

**M. Saltsman:** Je suppose que l'industrie pourra alors jeter un coup d'œil sur la liste et faire les commentaires qui s'imposent.

**M. Hehner:** Oui, monsieur. La raison pour laquelle j'ai contourné votre question ou pour laquelle je n'y ai pas répondu précisément,



## [Texte]

on Page 92 of the White Paper, which expresses requirements of information in a form to be prescribed by regulations, and the regulations have not been tabled yet. Therefore I did not feel that I could make any specific comments.

**Mr. Saltsman:** I have just one final question of Mr. Hehner, on paragraphs 21 and 23 of your brief. I am not sure whether you gave this information or not but I had better check on it. Have you sought legal advice on the wording, and if so, are you satisfied that the phrasing as you put it in your brief would answer the problem you are directing yourselves to?

**Mr. Hehner:** I regret to say, sir, we did not seek legal advice on the proposed phrase "relating to the sale" of the goods. As I have mentioned to you, we have in the past obtained legal advice on the phrase "affecting the price" of the goods, that being a phrase which now appears in the existing certification.

I think you have drawn attention to a point where we are perhaps at fault in proposing further words without having sought legal advice on them.

**Mr. Saltsman:** Then you know that the existing words are not quite satisfactory to you, but you are not sure whether the proposed ones will serve?

**Mr. Hehner:** I think that is a very fair statement.

**Mr. Danson:** Are we referring to the words at the bottom of paragraph 23 in this case?

**Mr. Hehner:** Paragraph 21, sir, of our brief, where we had suggested deleting the words "affecting the price" as they appear in clause 10 (2)(b)(ii) of the draft Bill and had suggested substituting the words "a compensatory arrangement relating to the sale of the goods".

**The Chairman:** Are you finished, Mr. Saltsman?

**Mr. Saltsman:** Yes I am finished except for a question of privilege. I would like to congratulate Mr. Danson for his devotion to the Committee. Having just come off the floor after making a speech he is back on to the Committee.

**The Chairman:** Mr. Danson.

• 1655

**Mr. Danson:** Thank you, Mr. Saltsman. We do not get many compliments from the other

## [Interprétation]

c'est que l'article 34 à la page 92 du Livre blanc dit qu'on demandera des renseignements sous une forme prescrite par des règlements. Ces règlements n'ont pas encore été déposés et, par conséquent, il me semble que je ne peux pas faire de commentaires.

**M. Saltsman:** Une dernière question, monsieur Hehner, au sujet de l'article 21 et 23. J'ignore si vous nous avez donné ce renseignement. Avez-vous essayé d'avoir des avis légaux sur le libellé de ces dispositions? Pensez-vous que les expressions que vous insérez dans votre mémoire suffiront?

**M. Hehner:** Je regrette de dire que nous n'avons pas demandé des avis d'avocats sur l'expression établissant la vente des marchandises. Comme je vous l'ai mentionné, dans le passé, nous avons obtenu des avis légaux sur l'expression affectant le prix des marchandises, puisque c'était une expression qui, maintenant, paraît dans la formulation actuelle.

Je crois que vous avez soulevé un point que nous avons peut-être négligé, notamment quand nous proposons quelque chose sans avoir demandé des conseils juridiques.

**M. Saltsman:** En d'autres mots, vous savez que l'expression actuelle n'est pas satisfaisante, mais vous n'êtes pas certain si l'autre fera l'affaire.

**M. Hehner:** Je crois que votre affirmation est juste.

**M. Danson:** Est-ce qu'on parle de l'expression à la fin de l'article 23 dans ce cas?

**M. Hehner:** Nous parlons du paragraphe 21 de notre mémoire où nous suggérons de remplacer l'expression: «affectant le prix», telle qu'elle apparaît dans l'article 10 (2)(b)(ii) du projet de loi par l'expression: «arrangement compensatoire lié à la vente des marchandises».

**Le président:** Avez-vous terminé M. Saltsman?

**M. Saltsman:** Oui, j'ai terminé, cependant j'aimerais féliciter M. Danson pour son dévouement envers le comité, étant donné qu'il vient tout juste de prononcer un discours à la Chambre

**Le président:** M. Danson.

**M. Danson:** Je n'obtiens pas tellement de compliments de l'autre côté. Je vous remer-



## [Text]

side and I appreciate it. I was rather interested in the phrase at the bottom of paragraph 23, Mr. Hehner.

Incidentally, Mr. Hehner, if I may make a compliment, I do not think that we have seen a more comprehensive presentation to this Committee or one with a more articulate spokesman with which we are all so very impressed.

I fear I may be repeating, not only what I have said in this Committee but what I have just said in the House, however, I feel the danger is in making this legislation so tight that it almost becomes unworkable. I think you alluded to that yourself and it is the spirit of the implementation. I particularly noticed things I have underlined at the beginning of your brief, words like "quickly and effectively" and "quickly and efficiently" and "a businesslike approach". These appear all through your brief and they are in other briefs as well. No matter how tightly this legislation is drawn, if it is not done in the spirit of the legislation, it really matters little what the words are, at least to the laymen I should say.

I know in the Kennedy Round tariff reduction negotiations we were on the other side of the fence in the machinery tariffs. We had many apprehensions. We were concerned about the detail of wording but it so happened the result was good. There was a period of changeover we all had to live with, which was inconvenient but not disastrous in any of its effects.

I was surprised to hear the Parliamentary Secretary to the Minister of Finance in the House last Thursday say that there had not been a single complaint. That is because the spirit of the legislation has been well implemented.

I think the Department of National Revenue deserves particular credit for this. They seem to be the whipping boys all through this because everybody has been through experiences with old legislation that had barnacles on it that was being interpreted in modern times.

I like this reference:

...or by reason of any other circumstance which, in the opinion of the Deputy Minister, provides an effective reduction in the sale price.

This is, as you say, a "catch-all" phrase and if it is being implemented with the proper spirit and the energy and the effectiveness in a businesslike manner, of which the Department I have found is quite capable, then this type of catch-all phrase is a good one. I think

## [Interpretation]

cie. L'expression qu'on trouve au bas du paragraphe 23 a piqué mon intérêt.

Monsieur Hehner. Soit dit en passant, je ne crois pas que nous ayons eu un exposé qui ait été aussi impressionnant.

Même si je me répète, à mon sens, le danger est d'avoir une loi tellement rigide qu'elle ne puisse plus être appliquée. C'est ce à quoi vous faites allusion. Vous signalez au début de votre mémoire des expressions comme «avec rapidité et efficacité», «rapidement et efficacement» et «un point de vue pratique». On en trouve partout dans votre mémoire ainsi que dans d'autres mémoires. Quelle que soit la rigidité du projet de loi, si sa formulation n'est pas conforme à l'esprit de la loi, les mots importeront peu à des avocats.

Je sais qu'au cours des négociations Kennedy visant les réductions tarifaires, nous étions de l'autre côté de la clôture. Nous avions beaucoup d'appréhensions au sujet du détail du libellé. Les résultats ont néanmoins été bons, après une période d'ajustement, dont il a fallu nous accommoder. Mais il n'y a rien eu de désastreux.

J'ai été surpris d'entendre le secrétaire parlementaire du ministre des Finances déclarer l'autre soir à la Chambre, qu'il n'y avait pas eu une seule plainte, parce que l'esprit de la Loi a été respecté dans la pratique.

Je crois que le ministère du Revenu national doit être félicité pour cela. Tout le monde a eu l'expérience des vieilles mesures législatives qui devaient être ré-interprétées. On dit ici:

...ou en raison de toute autre circonstance qui, de l'avis du Sous-Ministre, entraîne une réduction effective du prix de vente.

Si cela est appliqué convenablement comme seuls des hommes d'affaires peuvent le faire, ce genre d'échappatoire, je crois, est excellent et pourrait fort bien surmonter tous les obstacles. Si nous avons cette interprétation générale et si elle était bien administrée,

## [Texte]

it would overcome many minor points where we seem to be getting down to many little details, whereas if we had this broad interpretation with effective administration of the interpretation, it should be good. Has legal opinion been sought on that phrase?

**Mr. Hehner:** No, sir, we did not seek legal opinion on this either. I did not think it was needed on that point. I really have no particular comment to make on your statement. I merely agree with it wholeheartedly.

We are moving completely away from a statute which gave a minimum of responsibility to the administrative department, the Customs and Excise Division, for making judgment. I has been required to ascertain facts in the past and then the law has been applied. As is always the case in such a situation, sometimes the law has not caught the guilty, sometimes it has caught the innocent.

Now we are swinging from that to a situation where there is a plethora of judgments. This statute is full of references to the making of regulations and the opinion of the Deputy Minister.

Since this is the trend of the legislation, we are merely saying that we think the Deputy Minister should be given the power to exercise his judgment in this situation as well as in many others. He should not find himself suddenly inhibited by a legalistic argument that these words are limited in meaning and that he cannot go past them.

If we are going to be put in the position of dealing with a discretionary judgment type of statute, let us at least put the Deputy Minister in a position where he can exercise his judgment fully.

**Mr. Danson:** Right, thank you very much.

**The Chairman:** Have you any other questions on paragraphs 19 to 24? If not, we will move on to paragraphs 25 to 32 which make reference to Clause 13 of the White Paper. Mr. Arthur?

**Mr. Arthur:** Mr. Chairman, I think in paragraph 25 of the brief, if I understand correctly, the suggestion is to put another "forthwith" in this particular clause. I would, as I did at an earlier sitting of this Committee, suggest that the opening subclause (1) of that clause read: "the Deputy Minister shall forthwith",—according to our legal adviser. It does govern all the requirements in subclause 1. I think it is taken, if not stated, that he should express his opinions, forthwith.

• 1700

**Mr. Hehner:** Actually, Mr. Arthur, we have not suggested putting another "forthwith" in.

## [Interprétation]

cette proposition serait excellente. A-t-on demandé une opinion juridique sur cette expression?

**M. Hehner:** Nous n'avons pas demandé d'avis juridique là-dessus. Je ne pensais pas que cela était nécessaire. Je n'ai pas d'observation particulière à faire sur votre déclaration; je suis plutôt d'accord avec vous.

Nous passons d'une loi qui a laissé un minimum de responsabilités à la Division des douanes, pour porter des jugements. Il s'agissait plutôt de contrôler des faits dans le passé, puis la loi a été appliquée. Et, comme c'est toujours le cas dans une situation de ce genre, parfois la loi n'a pas pu attraper le coupable, parfois elle a attrapé un innocent.

Maintenant, nous passons de cette loi à une autre où il y a toute une surabondance de jugements. La loi est bourrée de dispositions intéressant l'élaboration d'un règlement et les opinions du sous-ministre.

Comme c'est là la tendance de la mesure législative, nous disons simplement que le sous-ministre devrait pouvoir exercer son jugement dans cette situation comme dans bien d'autres situations et son action ne devrait pas être entravée par des dispositions trop rigides. On ne devrait pas lui dire: «On ne peut pas aller plus loin que le libellé de cette disposition».

Si nous devons faire face à une loi qui permet un jugement discrétionnaire, le sous-ministre devrait pouvoir exercer son jugement intégralement.

**M. Danson:** Merci beaucoup.

**Le président:** Y a-t-il d'autres questions sur les articles 19 à 24? Sinon, nous allons passer aux paragraphes 25 à 32 qui ont trait à l'article 13 du Livre blanc. M. Arthur.

**M. Arthur:** En ce qui concerne le paragraphe 25 du projet, si j'ai bien compris ce qui est proposé, il s'agit d'ajouter un autre «immédiatement» dans cet article. Comme je l'ai déjà dit à une séance du Comité, je pense que le paragraphe (1) de cet article: «Le sous-ministre fait ouvrir immédiatement...», devrait être retenu. Selon nos conseillers légaux, il régit l'alinéa (1).

Je pense qu'il est sous-entendu, sinon exprimé, qu'il doit agir immédiatement.

**M. Hehner:** Nous n'avons pas suggéré d'ajouter cet «immédiatement». Nous avons



## [Text]

I think we have been rather careful in our submission that where we wanted to make a positive suggestion we should do so. We have drawn attention to the fact that the "forthwith" now appearing in clause 13 on page 58 of the White Paper applies to action only after the Deputy Minister has formed his opinion. We have drawn attention to the fact that there is no requirement that the Deputy Minister should form his opinions promptly.

Frankly, if we had thought it was a proper thing to do and would produce any desirable effect we would have suggested that the Deputy Minister should be required to form his opinions promptly. However, I think I would have to agree with statements that you and others from the Department of Finance made at earlier hearings that there is no practical purpose in putting in such a requirement.

If I were the Deputy Minister and if somebody required me to express my opinion within 24 hours or 96 hours or any other given time I would form my opinion because the law required me to do so. If I had any doubt at all I would say no. I do not think it is desirable to put in that requirement. I think it is an obligation that is not proper to put in the statute. Therefore, we have not suggested it.

We have, however, drawn attention to the fact that all of the "forthwiths" that do appear only apply after the Deputy Minister has formed his opinion that he should now take further action. It is important that the Deputy Minister should form his opinions as quickly as possible, whether there is a legal requirement to do so or not because until he does come to an opinion nothing will be done.

**Mr. Arthur:** Well Mr. Hehner, I do not wish to keep dealing with these "forthwiths", but in paragraph 29 the suggestion I think, if I read this one correctly Mr. Hehner, if not stated specifically at least infers that forthwith should be placed here. I may again be wrong, but I would suggest to you again that this is the converse of subclause (1) and therefore the assumption would be that he would act expeditiously or forthwith.

**Mr. Hehner:** Yes, this is the converse of the point you mentioned a moment ago. For the same reason we are merely drawing attention to the fact that until the Deputy Minister makes his decision nothing else will follow. However, we have not suggested any statutory requirement that he form his opinion within a given number of days or hours.

**Mr. Arthur:** That is right.

**Mr. Hehner:** By the way if I may draw attention to paragraph 31 of our brief for

## [Interpretation]

veillé dans notre requête à permettre des suggestions positives. Nous avons attiré l'attention sur le fait que l'immédiatement qui figure à l'article 13, à la page 58 du Livre blanc, s'applique aux mesures prises une fois que le sous-ministre a pris une décision. Nous attirons l'attention sur le fait qu'on n'exige pas que le sous-ministre prenne rapidement sa décision.

Franchement, si nous avions pensé que ce serait approprié et que cela aurait entraîné un effet souhaitable, on aurait obligé le sous-ministre à agir rapidement. Il me faut toutefois me rallier à vos propos et à ceux des représentants du ministre des Finances voulant qu'il n'y ait aucune raison pratique d'imposer cela.

Si j'étais le sous-ministre et qu'on me demandait d'exprimer mon opinion en 24 heures ou 96 heures, je déciderais très vite sous la contrainte de la loi, ou alors je dirais non. Je ne pense pas qu'il serait nécessaire d'insérer une telle exigence dans la loi. Cela ne se fait pas et c'est pourquoi nous ne l'avons pas suggéré.

Cependant, nous avons attiré l'attention sur le fait que l'immédiatement ne s'applique qu'une fois que le sous-ministre a décidé d'agir. Et, il est important que le sous-ministre prenne une décision aussi rapidement que possible, qu'il y ait une exigence juridique ou non, car, tant qu'il n'aura pas pris de décision, rien ne se fera.

**M. Arthur:** Monsieur le président, je ne tiens pas à continuer à vous tatillonner avec ces immédiatement, mais le par. 29, si je le lis bien, suggère qu'il faut conserver le mot «maintenant»; il se peut que je me trompe mais, j'ai l'impression une fois de plus qu'en application de l'alinéa 1, il agira rapidement ou immédiatement.

**M. Hehner:** C'est vraiment la réciproque de ce que vous avez dit il y a quelques instants. C'est pour cette raison que nous avons attiré l'attention sur ceci: tant que le sous-ministre n'a pas pris de décision, rien ne peut se faire. Mais nous n'avons pas proposé qu'il y ait une exigence statutaire l'obligeant à prendre sa décision dans un certain délai, précisé en jours.

**M. Arthur:** C'est exact.

**M. Hehner:** En passant, si je peux attirer l'attention là-dessus, le par. 31 de notre



*[Texte]*

example, here is a case where we do think there should be such a requirement and we stated so.

**Mr. Arthur:** Mr. Chairman, my only comment on paragraph 31 of the brief, is here. I think, specifically, Mr. Hehner has agreed that they have suggested that "forthwith" be added.

The draftsmen believe that "on receipt of the notice" is possibly adequate direction, and the presumption would be that they would act forthwith.

**Mr. Hehner:** It may well be so.

**The Chairman:** Mr. Émard.

• 1704

**M. Émard:** Monsieur Hehner, est-ce que vous ne croyez pas que s'il n'y a pas de limite de temps d'imposée au sous-ministre pour rendre sa décision, vous aurez peut-être une répétition des délais dont vous vous êtes plaint avant? Parce que, si je vous ai bien compris, vous avez dit que vous n'insistiez pas sur aucune limite de temps pour le sous-ministre, pour rendre sa décision?

**Le président:** D'autres questions, M. Émard?

**Mr. Hehner:** If the Deputy Minister delays in reaching an opinion or is too cautious, or whatever the reason, if he does not reach his opinion promptly there will be a delay which will be very harmful. This we feel quite strongly, Mr. Émard.

• 1705

The only thing is that we were not quite certain what effect would be produced by trying to introduce statutory requirements saying that the Deputy Minister had to form an opinion in a hurry.

Once he has formed an opinion that an investigation should be instituted, we are then into a series of what one could almost call mechanical operations, where it is possible to say, "Once you have done this you must do the other thing within 30 days or 90 days".

We would prefer there to be some requirement that when a complaint was made to the Deputy Minister he had to form his opinion as quickly as possible on whether there was enough merit to justify going ahead. However, perhaps wrongly, we felt that this is not exactly the sort of a requirement that could be introduced into a statute in that particular circumstance.

**The Chairman:** Yes, Mr. Gillespie?

*[Interprétation]*

mémoire. C'est un cas où nous pensons qu'il doit y avoir telle obligation et nous le déclarons ouvertement.

**M. Arthur:** Monsieur le président, j'ai un seul commentaire à faire au sujet du par. 31 du mémoire. Je pense que M. Hehner admet qu'on a proposé d'ajouter le mot «immédiatement».

Les rédacteurs ont supposé que, dès réception de l'avis, il agira immédiatement.

**M. Hehner:** Peut-être bien.

**Le président:** M. Émard.

**Mr. Émard:** Mr. Hehner, do you not believe, sir, that if there is no time limit imposed on the Deputy Minister to make a decision, you might have a repetition of the delays you complained about previously? Because, if I understood you correctly, you said that you did not insist on any time limit for the Deputy Minister to make a decision?

**Mr. Chairman:** Any other questions. M. Émard.

**M. Hehner:** Si le sous-ministre retarde sa décision ou s'il fait preuve de trop de prudence, quelles qu'en soient les raisons, il y aura un retard qui sera très préjudiciable. Nous le pensons, nous sommes tout à fait nets à ce sujet, monsieur Émard.

Nous n'étions pas tout à fait certains, cependant, de l'effet que nous obtiendrions en essayant d'introduire une exigence statutaire, même si le sous-ministre devait se décider très rapidement.

Cependant, une fois qu'il a pris une décision, et qu'il pense qu'on doit ouvrir une enquête, tout s'enchaîne alors mécaniquement, si vous voulez: une fois cela fait, il faut agir dans les trente jours ou dans les quarante-vingt-dix jours.

Nous aimerions qu'il y ait une exigence d'après laquelle une fois qu'une plainte a été déposée, le sous-ministre doit prendre sa décision très rapidement au sujet de l'enquête. A tort peut-être nous avons pensé pouvoir insérer cette obligation dans la loi dans le cas actuel.

**Le président:** Oui, monsieur Gillespie.

[Text]

**Mr. Gillespie:** Mr. Chairman, there is reference in paragraph 26 to a change in procedure within the Customs and Excise Division. Decentralization is referred to and compared with previous procedures whereby copies of invoices or customs entries were sent to Ottawa. I would like to address my question to Mr. Hind. Do I gather from the remarks made by him earlier this afternoon that copies are also going to Ottawa as heretofore?

**Mr. Hind:** Mr. Chairman, under the current law, as I mentioned earlier, the Department is asking its customs officers to submit to Ottawa promptly copies of all documents covering importations of sensitive goods. This practice will be continued under the new Act. We have provided the ports with a list of the sensitive goods, and as I indicated, this list includes a rather extensive enumeration of textile articles.

**Mr. Gillespie:** Thank you Mr. Hind. I have another question Mr. Chairman and it relates to paragraph 32, and the suggestion that the name of the complainant should not be disclosed except with his agreement. Could Mr. Hehner give us his reasons for this suggestion?

**Mr. Hehner:** Yes, the reason is very simple. If you have a large substantial customer, whom you suspect is bringing in dumped goods in competition with those you would like to supply, and you file a complaint with the Customs and Excise Division which promptly announces, Eric Hehner has complained against the dumping of imports by Simpson-Sears, Eatons, or Woodward's or anybody you want, I, safely, suspect that Eric Hehner would not sell very many goods to that company from then on.

**Mr. Gillespie:** How does the existing Act work in this regard?

**Mr. Hehner:** Mr. Hind could perhaps best answer that question, but it has always been my understanding that if a complaint is filed that the Customs and Excise Division does not reveal the name of the complainant.

Certainly acting on behalf of other clients in the textile industry I have occasionally attempted to find out who had instituted an inquiry that some client has asked me to counteract on his behalf. I can say that the Customs and Excise Division have been meticulous in refusing to tell me anything.

**The Chairman:** Is that correct Mr. Hind?

**Mr. Hind:** Mr. Chairman that is correct.

[Interpretation]

**M. Gillespie:** Monsieur le président, au paragraphe 26, il est question d'une modification de la procédure de la division des douanes. Il est question de décentralisation, cela a été comparé à la procédure ancienne d'après laquelle les bordereaux et les entrées de douanes devaient être envoyés à Ottawa. Je voudrais adresser ma question à M. Hind. Dois-je déduire des remarques qu'il a faites plus tôt, cet après-midi, que les documents sont toujours envoyés à Ottawa comme avant?

**M. Hind:** Monsieur le président, d'après la loi actuellement en vigueur, comme je l'ai dit plus tôt, le ministère demande à ses officiers de douane de soumettre à Ottawa, rapidement, des exemplaires de tous les documents d'importation de marchandises particulières. Cela sera maintenu en vertu de la nouvelle loi. Nous avons envoyé une liste de ces marchandises particulières aux ports d'entrée et, comme je l'ai dit, cette liste comprend une énumération assez grande d'articles textiles.

**M. Gillespie:** Merci, monsieur Hind. Une autre question, monsieur le président, au sujet du paragraphe 32, portant que le nom de celui qui dépose la plainte ne doit pas être révélé sauf s'il est d'accord. Est-ce que M. Hehner peut nous donner la raison pour laquelle il veut cela?

**M. Hehner:** Oui. La raison est très simple. Si vous avez un client important que vous soupçonnez d'introduire des biens en dumping, en concurrence avec ce que vous lui envoyez, et que vous déposez une plainte à la division des douanes qui annonce rapidement que M. Hehner s'est plaint d'importations-dumping de la part de Simpson's Sears, d'Eaton's ou de Woolworth ou de qui vous voulez. Je pense qu'ensuite M. Hehner ne vendra pas beaucoup de produits à cette compagnie.

**M. Gillespie:** Qu'est-ce qui se passe en vertu de la loi actuelle?

**M. Hehner:** M. Hind répondra mieux que moi sans doute. Mais d'après ce que j'ai toujours compris, si une plainte est déposée, la division des douanes ne révèle pas le nom du plaignant. Lorsque j'ai agi de la part d'autres clients de l'industrie textile, j'ai essayé de savoir qui avait institué des enquêtes. Certains m'ont demandé cela. La Division des douanes a été méticuleuse et elle a toujours refusé de me dire quoi que ce soit.

**Le président:** C'est exact, monsieur Hind?

**M. Hind:** Monsieur le président, c'est exact.



[Texte]

**Mr. Gillespie:** Could I then address a question to Mr. Hind and ask if in his view the need to disclose the name of the complainant is an important provision. I say important, is it related to the administration of the Act?

• 1710

**Mr. Hind:** Mr. Chairman, I think perhaps the answer to that is, it does not really affect our administration of the Act at all. We have been trying to protect the identity of the organization or the person who made the complaint in the first place, for the reasons which Mr. Hehner has mentioned. We have endeavoured to protect the identity of these people, feeling that it is not necessarily anybody else's business.

**Mr. Gillespie:** Do you feel that the wording of the proposed draft provides this kind of security?

**Mr. Hind:** I am not sure, Mr. Chairman, that the draft spells out whether or not the name of the complainant should be publicized. I think this will be something covered by the regulations when they are finalized.

**The Chairman:** Mr. Arthur?

**Mr. Arthur:** Mr. Chairman, if you recall when this matter was up for discussion earlier we undertook to look at the matter of the confidentiality of the complainant in the light of our obligations under the Code and also the practice of other countries. We would hope to be able to make a statement to the Committee at a later date, but we certainly have in mind the point that Mr. Gillespie has made.

**Mr. Gillespie:** Thank you, Mr. Chairman.

**Mr. Hales:** Regarding paragraph 30 on page 11 I would like to ask Mr. Hind or Mr. Arthur if there is any particular reason this suggestion should not be incorporated in the legislation? It seems like a reasonable request or suggestion.

**Mr. Arthur:** Well, Mr. Chairman, paragraph 30 on page 11 of the brief, states:

There is no requirement that anyone be advised either that the opinion of the Anti-Dumping Tribunal has been sought, or the nature of the opinion that it expresses.

Our view is, Mr. Chairman, that the rules governing the Tribunal will be made by the Tribunal under the authority of clause 25 of

[Interprétation]

**M. Gillespie:** Puis-je poser une autre question à M. Hind? Je voudrais lui demander si à son avis c'est une disposition importante, est-ce qu'il est important de révéler les noms des plaignants? En fait, il s'agit de l'application de la loi.

**M. Hind:** Monsieur le président, je crois que la réponse est sans doute la suivante. Cela n'affecte pas vraiment la façon d'appliquer la loi. En fait, nous avons essayé de protéger l'identité de l'organisme ou de la personne qui a déposé la plainte au départ pour les raisons mentionnées par M. Hehner. Nous nous sommes efforcés de protéger l'identité de ces gens. Nous pensons que ce n'est pas nécessairement l'affaire de qui que ce soit d'autre.

**M. Gillespie:** Pensez-vous que le libellé du projet de bill assure cette protection?

**M. Hind:** Je ne suis pas certain que le libellé actuel prévoit que le nom du plaignant doit être révélé. Les règlements y pourvoiront quand ils seront établis.

**Le président:** Monsieur Arthur?

**M. Arthur:** La question a été discutée plus tôt et nous nous sommes engagés à étudier le caractère confidentiel du nom du plaignant à la lumière des exigences stipulées par le code et en tenant compte de ce qui se fait dans d'autres pays. J'espère pouvoir faire une déclaration au Comité ultérieurement, mais nous tiendrons certainement compte du point soulevé par M. Gillespie.

**M. Gillespie:** Merci, monsieur le président.

**M. Hales:** En ce qui concerne l'article 30, à la page 11, je voudrais savoir de M. Hind ou M. Arthur s'il y a des raisons pour lesquelles la suggestion qui est faite ici ne devrait pas être incorporée dans la loi. Cela semble une demande ou une suggestion raisonnable?

**M. Arthur:** Monsieur le président, si je comprends bien le paragraphe 30, qui figure à la page 13 du texte français du mémoire, celui-ci mentionne:

on n'y trouve pas d'exigence que qui que ce soit soit informé, ni qu'on a demandé l'avis du tribunal antidumping ni de la nature de l'opinion qu'il a exprimée.

Notre opinion est la suivante, monsieur le président. Les règles liant le tribunal seront déterminées par le tribunal en application de



[Text]

the draft Bill. The Tribunal will in those regulations set forth those persons who will be advised of its opinion.

**Mr. Hales:** Well, then, it seems to be a matter of whether the Committee wishes to leave these fine points to be spelled out in the Regulations rather than in the act?

**Mr. Arthur:** Well, Mr. Chairman, I think in the earlier discussions we have had on the particular clauses that are referred to in paragraph 30, we stated that it would be difficult in advance to establish the rules governing what is in fact a quasi judicial court, and that it really rests with the Tribunal as a court to establish its own method of operation. The authority for it so doing has been given in clause 25 of this proposed Bill.

**Mr. Howard (Okanagan-Boundary):** Mr. Chairman, under the previous anti-dumping provisions it was customary—

**The Chairman:** You mean the present one? It is not changed yet.

**Mr. Howard (Okanagan-Boundary):** It has been customary in the past to notify a firm that there was a complaint against them. Is this correct?

**Mr. Hind:** The present practice, Mr. Chairman, is to advise importers of foreign-made goods that the Department is looking into the value of the goods they are importing. At the same time the importer is warned that should undervaluation be found he will be called upon to pay dumping duty at some subsequent time. Really the complaint is against a foreign exporter that he is dumping, rather than some producer in Canada.

• 1715

**Mr. Howard (Okanagan-Boundary):** But its effect is an automatic warning or notice that the goods being shipped are under some question? The recommendation in paragraph 30 suggests that the whole thing be conducted in secret, and that there be no opportunity for the person whose shippings are being questioned to defend himself in any way?

**The Chairman:** Would you care to express your view?

**Mr. Hehner:** I am afraid I do not understand, sir. I do not think we have ever made such a suggestion. You refer to paragraph 30 of our brief?

**Mr. Howard (Okanagan-Boundary):** Yes, you are suggesting that if the opinion of the

[Interpretation]

l'article 25 du projet de bill et le tribunal, dans ses règlements, désignera des personnes qui seront informées de sa décision.

**M. Hales:** Est-ce que le Comité souhaite que ces questions de détail soient spécifiées dans les règlements plutôt que dans la loi?

**M. Arthur:** Monsieur le président, il me semble que les discussions que nous avons eues au sujet des articles dont il a été question au paragraphe 30, nous avons dit qu'il serait difficile d'établir à l'avance les règles définissant exactement ce qu'est une cour quasi judiciaire. En fait c'est au tribunal lui-même d'établir sa propre procédure et l'autorité de le faire lui a été donnée par l'article 25 du projet de bill.

**M. Howard (Okanagan-Boundary):** Monsieur le président, d'après les dispositions antidumping, il était d'usage...

**Le président:** Vous voulez dire les dispositions actuelles? Elles ne sont pas encore changées.

**M. Howard (Okanagan-Boundary):** ...par le passé d'informer une société qu'une plainte était déposée contre elle. C'est bien cela. n'est-ce pas?

**M. Hind:** A l'heure actuelle, on informe les importateurs d'objets fabriqués à l'étranger du fait que le ministère examine la valeur des marchandises qui sont importées. En même temps, l'importateur est avisé que s'il y a une sous-évaluation, il devra payer des droits de dumping ultérieurement. La plainte est contre un exportateur étranger pour lequel il fait du dumping plutôt que contre un producteur au Canada.

**M. Howard (Okanagan-Boundary):** Mais le fait est le suivant: il y a un avertissement ou un avis automatique spécifiant que les marchandises expédiées sont soumises à une enquête. La recommandation de l'article 30 suggère que tout cela se fasse secrètement et qu'il n'existe aucune possibilité pour la personne dont les marchandises sont sujettes à enquête, de se défendre de quelque façon que ce soit, semble-t-il?

**Le président:** Désirez-vous...

**M. Hehner:** J'ai peur de n'avoir pas compris monsieur. Je ne crois pas que nous ayons jamais fait une telle suggestion. Il s'agit de l'article 30, n'est-ce pas, de notre mémoire?

**M. Howard (Okanagan-Boundary):** Oui, nous suggérons que l'opinion exprimée par le

## [Texte]

anti-dumping Tribunal has been sought, or the nature of the opinion that it expresses, that it be regarded as an internal administrative matter. You are suggesting that there be nothing taken outside of the Tribunal?

**Mr. Hehner:** No, sir, I think perhaps we have not made ourselves adequately clear on that point. Clause 13(3) says that if the Deputy Minister, having received a complaint respecting the dumping of goods, comes to the opinion that there really is not any evidence of material injury, and therefore, he should not proceed, that he may refer the matter to the Tribunal and ask them for an advisory opinion on whether there is enough evidence of injury to proceed. It also provides that if the Deputy Minister does not want to ask the Tribunal for advisory opinion, the complainant can go to the anti-dumping Tribunal for an advisory opinion.

Now, we have said that if a complainant goes to the Tribunal and says, "Please give an advisory opinion to the Deputy Minister", then he should be entitled to know what advice the Tribunal gives the Deputy Minister. That is the only proposal we have made.

We have said that if the Deputy Minister of his own volition chooses to ask the Tribunal for an advisory opinion, that might be regarded as an internal matter which nobody else is entitled to know about. We have not suggested they should not be entitled to know. We are merely not requesting that other persons be advised of a matter involving only the Deputy Minister and the Tribunal, but we are not trying to keep anything secret.

**Mr. Hales:** Would you and the industry be agreeable to leaving these finer technicalities to regulations and to leaving it to the Tribunal to set up the rules of the game, as it were. Would this not be satisfactory rather than spelling out all these details in the act?

**Mr. Hehner:** Yes, sir. I do not think we have suggested that this had to be done in the act. It is merely a point to which we have drawn attention and which we hope, therefore, will be dealt with in whatever way is most appropriate, whether in the Act, or, as in some of these cases, in regulations to be made by the Tribunal for the conduct of its own affairs.

**The Chairman:** Gentlemen, we will move now to paragraphs 33 to 36 inclusive which refer to clauses 13 and 14 of the White Paper. Yes, Mr. Arthur?

• 1720

**Mr. Arthur:** Mr. Chairman paragraph 33 of the brief relates to the wording of clause 13

## [Interprétation]

tribunal antidumping soit de nature administrative interne. Vous êtes d'avis que rien ne doit sortir du tribunal?

**M. Hehner:** Je pense que nous n'avons peut-être pas été suffisamment clairs. L'alinéa 3 de l'article 13 se lit ainsi qu'il suit: Si le sous-ministre a reçu une plainte au sujet du dumping de marchandises, s'il décide qu'il n'y a pas de préjudice, il peut renvoyer la question au tribunal et lui demander une opinion consultative aux fins de savoir s'il y a des dommages. Et si le sous-ministre ne veut pas demander son avis au tribunal, le plaignant peut s'adresser au tribunal antidumping qui rend une décision consultative.

Nous avons dit ceci: si un plaignant s'adresse au tribunal, en lui disant de donner un avis au sous-ministre, le plaignant doit être informé de l'avis transmis au sous-ministre. C'est la seule proposition que nous ayons faite.

Nous avons dit que si le sous-ministre, de son propre chef, décide de demander l'avis du tribunal, et ceci peut être considéré comme une affaire interne, pour laquelle personne n'a à être mis au courant. Nous n'avons pas dit que les autres personnes n'avaient pas le droit de savoir, nous ne demandons tout simplement qu'elles ne soient pas mises au courant de sujets n'impliquant que le sous-ministre et le tribunal. Mais nous ne demandons pas que l'on cache quoi que ce soit.

**M. Hales:** Est-ce que l'industrie serait prête à laisser les détails mineurs aux règlements et laisser le tribunal prendre les décisions qui s'imposent? Ne serait-ce pas plus avantageux d'agir ainsi plutôt que de préciser tous ces détails dans la Loi?

**M. Hehner:** Oui, je ne pense pas que nous ayons suggéré que cela se fasse dans la loi. Nous attirons l'attention seulement sur ce point, mais nous espérons que cela sera réglé de façon aussi appropriée que possible, soit dans la loi soit dans des règlements que le tribunal instituera pour la conduite de ses affaires.

**Le président:** Nous passerons de l'article 33 à l'article 36. Nous allons étudier les articles 13 et 14 du Livre blanc. Oui, monsieur Arthur?

**M. Arthur:** Une question, monsieur le président, en ce qui concerne le paragraphe 33,



## [Text]

(6)(a)(ii) and to clause 14(1)(b). This point was raised the other day, Mr. Chairman, and at that time I made a statement which I am not certain was clear. I have sought a view from our legal advisers and if it is the wish of the Committee I will read it at this time. It states:

Clause 13(6) of the proposed anti-dumping act provides that where an investigation has been initiated in respect of the dumping of any goods, the Deputy Minister must terminate that investigation where he is satisfied as to certain particulars. Under this provision, it is mandatory for the Deputy Minister to terminate an investigation where he is satisfied as to any one of the following:

1. there is insufficient evidence of dumping to justify proceeding with the investigation;
2. the margin of dumping of the goods is negligible; or
3. The actual or potential volume of dumped goods is negligible.

This particular subclause carries out Canada's undertaking respecting the termination of an investigation set forth in Article 5(c) of the Agreement or the Code.

The corollary of the proposition contained in the proposed clause 13(6) is that the Deputy Minister may only make a preliminary determination as a result of an investigation if he is satisfied that three facts exist:

1. the goods have been dumped;
2. the margin of dumping of the dumped goods is not negligible; and
3. the actual or potential volume of the dumped goods is not negligible.

Therefore in the opinion of our legal advisers:

... clause 14(1) must be written conjunctively and clause 13(6) disjunctively.

They go on to cite an example:

If, for example, the Minister was satisfied that the goods have been dumped and that the margin of dumping is not negligible, nevertheless he could not make a preliminary determination and he would have to terminate the investigation if he were satisfied that the actual or potential volume of dumped goods is negligible. To reiterate, the logical converse of drafting clause 13(6) as alternatives is to draft clause 14(1) as conjunctive.

## [Interpretation]

se rapportant au libellé du sous-alinéa (6)(a)(ii) de l'article 13, et article 14, alinéa 1, paragraphe B. Au moment où nous en avons discuté, monsieur le président, j'ai fait une déclaration qui n'était pas aussi claire que je l'aurais voulue. Je me suis adressé à nos conseillers juridiques, et si le Comité le souhaite, je pourrais lui faire part de leur avis.

L'alinéa 13-6 du projet de loi antidumping prévoit que lorsqu'une enquête a été entreprise au sujet de quelque marchandise que ce soit, le sous-ministre doit fermer cette enquête lorsqu'il s'est assuré de certains détails.

En raison de cette disposition, le sous-ministre doit terminer l'enquête une fois qu'il s'est assuré de l'une des conditions suivantes:

- (i) que la preuve de dumping est insuffisante pour justifier la poursuite de l'enquête, ou
- (ii) que la marge de dumping des marchandises ou le volume réel ou éventuel des marchandises sous-évaluées sont négligeables.

Cet alinéa en particulier nous permet de respecter notre engagement en ce qui concerne la fin de l'enquête tel que défini à l'article 5, paragraphe (c) des Accords internationaux.

Le corollaire de la proposition contenue à l'alinéa 13(6) prévoit que le sous-ministre ne doit faire de détermination préliminaire, à la suite d'une enquête, que s'il s'est assuré que trois faits existent.

(a) que les marchandises ont été ou sont sous-évaluées, et

(b) que la marge de dumping des marchandises sous-évaluées et que le volume réel ou éventuel ne sont pas négligeables.

C'est pourquoi, de l'avis de notre conseil juridique:

L'article 14(1) doit être écrit en conjonction, et l'autre, en disjonction.

Et un exemple est donné.

D'après lequel si le ministre s'est assuré que les biens ont fait l'objet de dumping et que la marge de dumping n'est pas négligeable, il peut faire une détermination préliminaire. Par contre, il devra clore l'enquête s'il est assuré que le volume réel ou potentiel de vente est négligeable. Pour répéter la déduction logique de l'alinéa 13-6, on peut rédiger l'article 14 (1) sous forme conjonctive.



## [Texte]

I am not certain Mr. Chairman whether this will help. I really think the main point here is that the drafting of subclause (6) of clause 13 is in keeping with our obligations under the Code.

**Mr. Hehner:** I have heard what Mr. Arthur said. I heard it when he said it on November 14, and I think it will completely emasculate the investigation and I do not think it is required by the Code.

If I may in particular refer to paragraph (c) of Article 5 of the Code which appears on page 17 of the White Paper may I request that Mr. Arthur seek further advice on the meaning of the words.

This paragraph has two sentences in it, one of them is a mandatory provision; the other is a rather pejorative statement which I think does not have any mandatory effect.

It is from the latter statement that Mr. Arthur quoted. The actual provision of Article 5, paragraph (c) of the Code is that:

(c) An application shall be rejected and an investigation shall be terminated promptly as soon as the authorities concerned are satisfied that there is not sufficient evidence of either dumping or of injury to justify proceeding with the case.

The word in this sense is "shall". There is then an added sentence which is not mandatory in any way. It says:

There should be...

And I emphasize this word "should" in contrast to the previous word "shall".

## ● 1725

There should be immediate termination in cases where the margin of dumping or the volume of dumped imports, actual or potential, or the injury is negligible.

Now this added sentence, which I suggest to you is not mandatory in any way, and does not require the words of clauses 13(6) and 14(1) of our draft legislation, completely ignores the facts of life. If you must terminate an investigation, as soon as you find that the margin of dumping or the actual or potential volume of dumped goods is negligible this ignores the point which we discussed again this morning.

Someone will make a shipment, they will make a small quantity shipment at a price to see whether it is accepted. If it is accepted the entire price level in the Canadian industry is immediately affected. It can be, or may be, immediately affected, shall we put it that way? There are cases where it has been. There have been—and again this was men-

## [Interprétation]

Je pense que l'important est que la rédaction de l'alinéa 6 de l'article 13 soit conforme à nos obligations.

**M. Hehner:** J'ai entendu la suggestion de M. Arthur, je l'avais entendu le quatorze, mais je crois que cela émasculera complètement l'enquête, et que les Accords internationaux ne l'exigent pas.

Au paragraphe C de l'alinéa 5 des Accords internationaux, à la page 17 du Livre blanc, puis-je demander que l'on détermine mieux la signification de deux mots-clés.

Une partie de l'alinéa consiste en une disposition obligatoire, et l'autre est une déclaration péjorative sans aucun effet obligatoire.

L'intervention de monsieur Arthur est en rapport avec cette dernière.

Une requête sera rejetée et une enquête sera clôturée sans retard dès que les autorités concernées seront convaincues que les éléments de preuve relatifs soit au dumping soit au préjudice ne sont pas suffisants pour justifier la continuation de la procédure.

Le mot-clé, c'est: sera. La deuxième partie de l'alinéa se lit comme il suit:

La clôture de l'enquête devrait être;

J'insiste ici sur le mot «devrait», par opposition à «sera».

La clôture de l'enquête devrait être immédiate lorsque la marge de dumping, le volume des importations en dumping, réelles ou potentielles, ou le préjudice, sont négligeables.

Cette phrase supplémentaire que je suggère, n'entraîne aucune obligation et n'entraîne pas la répétition des alinéas 13 (6) et 14 (1), elle ignore totalement la réalité. Si la loi stipule qu'on doit terminer l'enquête dès que l'on constate que la marge de dumping ou le volume potentiel ou réel de produits importés en dumping est négligeable, elle ne tient pas compte du point dont nous avons déjà parlé ce matin.

Quelqu'un expédiera une petite quantité de marchandises à un certain prix, pour voir si le prix sera accepté. Si ce prix est accepté, tout le niveau des prix au Canada sera immédiatement affecté. Disons qu'il pourra être affecté ou il pourrait être affecté; dans certains cas il l'a été. Il y a eu, et j'en ai parlé ce matin, il y a eu des contrats d'approvisionnement.

## [Text]

tioned this morning—forward contracts for supplies where a customer has guaranteed to buy his entire requirement from a certain supplier on the grounds that the supplier will meet any legitimate price that is offered. As soon as the small quantity comes in and is found to be legally in Canada and no dumping action is taken, it affects the price.

Now, I suggest that if you put these on an either/or basis it is, as I say, greatly weakening the administration. I have already made my point; I do not think it is required by the wording of the Code.

**Mr. Arthur:** Mr. Chairman, I have no comment.

**The Chairman:** Do you have any questions gentlemen? If not we will move on to paragraph 35 which makes reference to clause 15 of the White Paper.

**Mr. Arthur:** Mr. Chairman, I believe we dealt with these this morning when I suggested these functions or steps could be taken concurrently.

**The Chairman:** We will then move on to paragraphs 37 and 38 which make reference to clause 15 of the White Paper.

**Mr. Gillespie:** What was the reference, Mr. Chairman?

**The Chairman:** Paragraphs 37 and 38 which make reference to clause 15 on page 66 of the White Paper.

**Mr. Arthur:** Well Mr. Chairman if I may comment on this. As I understand the paragraph in the brief the suggestion is that the provisional duties should be continued until the Deputy Minister is in receipt of the order or finding of the Tribunal.

The wording of clause 15(1) as quoted here says that the provisional duties shall end "on the day that an order or finding is made by the Tribunal".

I would refer the Committee's attention to clause 3 which would come into full force on the day that the order or finding of the Tribunal is made. In other words, the provisional duties would cease to be applied as of the day of the order or finding. On the next importation, for instance, if an importation were made the next day, as this is drafted, clause 3 would come into play and definitive duties would then be applied against such importations if, in fact, the selling price was less than the normal value.

**Mr. Hehner:** This is merely a technical comment, sir, to which Mr. Arthur has made an adequate reply.

## [Interpretation]

ments où l'acheteur devait acheter tout son matériel à un prix respectant le règlement. Dès qu'une petite quantité arrive et qu'aucune mesure antidumping n'est prise, cela affecte le prix dans le pays. Si on met ou bien «ou», ou bien «ou bien», cela affaiblit beaucoup l'administration. J'ai déjà dit cela. Je ne pense pas que les accords internationaux prévoient que l'on doit le faire.

**M. Arthur:** Je n'ai aucun commentaire à faire, monsieur le président.

**Le président:** Avez-vous des questions, messieurs? Nous passons à la ligne 35 de l'article 15 du Livre blanc.

**M. Arthur:** Monsieur le président, nous avons réglé la question ce matin. J'ai suggéré que ces fonctions, ces mesures soient étudiées en même temps.

**Le président:** Nous passons donc aux lignes 37, 38, de l'article 15 du Livre blanc.

**M. Gillespie:** Monsieur le président, de quoi s'agit-il?

**Le président:** Les lignes 37 et 38 de l'article 15 du Livre blanc à la page 66 du Livre blanc.

**M. Arthur:** L'alinéa en cause signale que l'application des droits provisoires devrait se prolonger jusqu'à ce que le sous-ministre ait en mains les constatations du tribunal.

Le libellé de l'article 15(1) prévoit que les droits provisoires ne seront plus appliqués dès que le tribunal rendra une ordonnance ou prendra des conclusions.

J'aimerais signaler au Comité l'article 3 qui devient exécutoire le jour même où le tribunal se prononce. Autrement dit, les droits provisoires ne seraient plus appliqués à partir de la déclaration du tribunal. Et pour toutes les importations subséquentes les dispositions de l'article 3 entreraient en jeu, et les droits définitifs seraient alors appliqués.

**M. Hehner:** Il s'agissait simplement de commentaires purement techniques auxquels M. Arthur a très bien répondu.



[Texte]

• 1730

**The Chairman:** Paragraph 39 makes reference to clause 18 of the White Paper, page 72.

**Mr. Arthur:** Mr. Chairman, we are on Paragraph 39 now, I understand. The statement made here is that clause 18(4) (e) deals with re-appraised goods if there has been any misrepresentation or fraud at the time of entry, but there are no related penalties.

As I understand this clause, it deals with the redetermination by the Deputy Minister, so there would in fact be assessed here the difference between the original appraisal and the re-appraisal in the form of dumping duties.

**Mr. Hehner:** My point is, Mr. Arthur, although I hear your words I am not at all sure that the words on the white pages say so. Subclause (5) of clause 18 which appears on page 76 says that if there has been a redetermination upward:

18.(5) (a) the importer shall pay any additional duty payable...

However, no where can I find any clause in the entire proposed statute that says what this additional duty would be nor can find anything which would create an additional duty. In fact, if there has been a misrepresentation or fraud presumably the original documents had not revealed that there was any dumping, and presumably provisional duties were not collected, so at some time within the next two years you may find that the facts had been misrepresented.

Where in this proposed statute does it say that there is any penalty for having made a misrepresentation or fraud. Where in this proposed statute does it say that you can go back retroactively and collect dumping duties when you had not put on provisional duties? In fact, there are clauses of the proposed statute that say flatly that unless you have collected provisional duties at the time of importation you shall never be able to put on dumping duties. We feel that this is a technical error somewhere.

**Mr. Arthur:** Mr. Chairman, my only comment here is that I think the case cited by Mr. Hehner is not that related to this particular clause. This clause does talk about a re-appraisal or a redetermination.

In subclause (5), the amount of the so-called penalty, if you will, is the difference

[Interprétation]

**Le président:** L'alinéa 39, qui a trait à l'article 18 du Livre blanc, à la page 72.

**M. Arthur:** Monsieur le président, en sommes-nous maintenant à l'article 39? On y dit que l'article 18 (4) (e) a trait à la réévaluation de marchandises s'il y a eu fausse représentation ou fraude au moment de l'entrée, mais ne comporte pas de sanctions.

Si je comprends bien les dispositions de cet article, il s'agit d'une réévaluation de la part du sous-ministre, de façon à déterminer la différence entre l'évaluation initiale et la réévaluation sous forme de droits contre le dumping.

**M. Hehner:** Je comprends bien ce que vous dites, monsieur Arthur, mais je ne suis pas sûr que cela corresponde exactement à ce que dit le Livre blanc. Le paragraphe (5) de l'article 18 signale que s'il y a réévaluation vers la hausse:

18.(5)(a) L'importateur doit payer tout droit supplémentaire payable relativement aux marchandises

...mais on ne dit pas en quoi consisterait ce droit supplémentaire s'il y a une nouvelle détermination.

De fait, si l'on constate qu'il y a eu fausse représentation ou fraude, dans les circonstances présumément, le document initial ne révélerait pas qu'il y a eu dumping et sans doute alors, les droits provisoires n'ont pas été perçus, alors parfois, on constate qu'au cours des deux ou trois dernières années, il y a eu fraude.

On ne voit pas de dispositions dans la Loi qui prévoient des sanctions pour avoir fait une fausse déclaration. Où voit-on dans les lois que l'on peut revenir rétroactivement et percevoir les droits s'il n'y a pas eu de droits provisoires, de droits de douanes provisoires? Au fait, certains articles du statut stipulent clairement qu'à moins d'avoir perçu des droits provisoires au moment de l'importation, on ne pourra plus percevoir d'autres droits. Il s'agit d'une erreur technique que l'on a commise quelque part.

**M. Arthur:** Monsieur le président, le seul commentaire que je puisse faire aussi, ici, c'est que le cas cité par M. Hehner ne se rattache pas à cet article. Cette disposition parle de redétermination et de réévaluation

Le paragraphe (5) signale que le montant ou la somme correspondant à la sanction, ce



## [Text]

between the margin of dumping, as measured at the time of the original appraisal, as against the re-appraised normal value.

**Mr. Hehner:** The hour is getting late, Mr. Arthur, and I do not want to just continue to repeat the same statements but subclause (4) states:

(4) The Deputy Minister may re-determine...

(b) at any time, if the importer or exporter has made any mis-representation...

Subclause (5) says that in such event:

(5) (a) the importer shall pay any additional duty payable...

I still cannot find any clause in the proposed statute that says there is any additional duty payable that the importer should be required to pay. Indeed, I do find in the proposed statute flat provisions that say that unless you collected provisional duties at the time of entry, six months, or a year, or a year and a half earlier, that you never can collect dumping duties. There is no use wasting the time of the Committee arguing the point.

• 1735

**Mr. Arthur:** Mr. Chairman, I do not quite accept the position taken by the witness and I think that we should make this clear for the Committee. The case here is where there has been an order or finding and the case to which Mr. Hehner refers is quite different. The case to which Mr. Hehner refers is one on which there has not been any finding on the part of the Tribunal.

We are saying in this clause that where these procedures have been completed, and at some subsequent time, and with a subsequent entry, it is determined that the information supplied to the Department of National Revenue was fraudulent, or there was misrepresentation, it is open to the Department to make a re-appraisal. The amount of penalty, if you will, that will exist on the basis of the redetermination or the re-appraisal will be the amount of difference between the margin as determined at the time of the entry, and the margin of dumping determined after the re-appraisal.

**Mr. Hehner:** May I make one final comment Mr. Chairman?

**The Chairman:** Mr. Hehner, I hope that my previous remarks are not cutting your answers?

## [Interpretation]

sera la différence entre la marge du dumping au moment de l'évaluation initiale et la valeur normale à réévaluer.

**M. Hehner:** Monsieur Arthur, il se fait tard, je ne veux pas continuer à répéter la même déclaration, mais l'alinéa 4 dit que:

le sous-ministre peut redéterminer...

(b) à tout moment, si l'importateur ou l'exportateur a fait quelque fausse représentation...

Le paragraphe (5) dit que dans un tel cas:

(5)(a) l'importateur doit payer tout droit supplémentaire...

Mais je ne vois aucune disposition de cet article qui prévoit en quoi consistent ces droits supplémentaires? Je crois qu'il y a une disposition, au contraire, dans la loi qui dit qu'à moins qu'on ait perçu les droits provisoires au moment de l'entrée, six mois, un an ou un an et demi plus tôt, on ne peut plus percevoir de droits supplémentaires. Maintenant, il ne serait pas à propos de discuter de cela au Comité.

**M. Arthur:** Eh bien, monsieur le président, je n'accepte pas l'interprétation du témoin et je crois que nous devrions éclairer le Comité à ce sujet. Il s'agit d'un cas où il y a eu une ordonnance ou une conclusion rendue par le tribunal, qui est très différent de celui auquel réfère M. Hehner.

Dans ce dernier cas, il n'y aurait pas eu de déclaration ou de conclusion de la part du tribunal. Ce que nous disons dans cet article, c'est que lorsque ces dispositions ont été terminées, lorsque plus tard on détermine que les renseignements fournis au ministère du Revenu national étaient frauduleux, qu'il y a eu fausse représentation, le ministère est alors libre de réévaluer et le montant de la sanction—compte tenu de la redétermination—correspondra à la différence entre la marge au moment de l'entrée et la marge de dumping déterminée après la réévaluation.

**M. Hehner:** Puis-je faire un dernier commentaire, monsieur le président?

**Le président:** Je ne veux pas du tout vous imposer une règle trop rigide.

[Texte]

**Mr. Hehner:** They are not cutting me in the slightest, sir, as I think I have shown by being a little verbose on occasion. If Mr. Arthur says that the situation I am talking about is not dealt with in clause 18, may I ask him where it is dealt with in the proposed statute and leave it at that?

**Mr. Arthur:** It is not, Mr. Chairman.

**Mr. Hehner:** I think it should be.

**Mr. Arthur:** Mr. Chairman, I would prefer not to carry on this conversation here. We can deal with this in the Committee matter at a later stage. There is an answer.

**The Chairman:** I think both sides have offered their comments. Are there any questions from members? Yes, Mr. Danson?

**Mr. Danson:** Mr. Chairman, I do not know if I have missed part due to my absence, but the question of provisional duties is mentioned here, and I have not heard any reply to that. It might have happened while I was out and if so I will pick it up in the Proceedings tomorrow, or when they are published, I should say. There has been reference to provisional duties.

**Mr. Hehner:** I believe, Mr. Danson, that point was dealt with while you were engaged elsewhere and that you will find it in the Proceedings.

**Mr. Danson:** Good, thank you.

**The Chairman:** Now, gentlemen, can we move on to paragraphs 40 and 41 that deal with clause 34 on page 92 of the White Paper.

**Mr. Arthur:** Mr. Chairman, on paragraph 40 I merely want to say that we have noted this point. We are looking at it and we will report to you later.

**The Chairman:** Are there any questions, gentlemen? If not we will move to paragraphs 42 to 46 that deal with the anti-dumping Tribunal and make reference to clause 16, page 66; clause 32, page 90; clause 14, page 64; clause 13(5), pages 58 to 64 and clause 30, page 86. Yes, Mr. Roberts?

**Mr. Roberts:** I would just like to ask the witness in relation to paragraph 46, dealing with clause 30, whether this is a marginal matter or whether it is really a matter of some importance?

I find myself very greatly in sympathy with the point of view expressed in your brief on

[Interprétation]

**M. Hehner:** Je regrette d'être un peu trop verbeux. Puis-je alors demander si M. Arthur pense que la situation que j'ai décrite ne tombe pas sous le coup de l'article 18? Sinon, quelles dispositions de la loi y pourvoient?

**M. Arthur:** Tel n'est pas le cas, monsieur le président.

**M. Hehner:** Je crois qu'il devrait y avoir une disposition.

**M. Arthur:** Je n'aimerais pas continuer cet entretien plus avant, nous pouvons le faire à une autre étape des délibérations du Comité.

**Le président:** Nous avons entendu vos commentaires des deux côtés, fort bien. Y a-t-il des questions de la part des députés? Oui, monsieur Danson.

**M. Danson:** En raison de mon absence, j'ai peut-être manqué une partie de la discussion. La question des droits provisoires est mentionnée ici, et il me semble que l'on n'a pas fourni des explications, que l'on n'a pas donné de réponse. Il se peut que je retrouve cela dans le compte rendu lorsqu'il sera publié. A-t-on parlé des droits provisoires?

**M. Hehner:** Je crois que ce point a été bien étudié alors que vous étiez absent. Vous trouverez cela, je crois, dans le compte rendu des délibérations.

**M. Danson:** Merci.

**Le président:** Pouvons-nous passer, messieurs, aux articles 40, 41 qui ont trait au paragraphe 34 du Livre blanc à la page 92?

**M. Arthur:** Au sujet du paragraphe 40, nous avons pris note de ce point. Nous nous en occupons et nous présenterons un rapport ici plus tard.

**Le président:** Aimeriez-vous poser des questions? Si non, nous passons aux paragraphes 42 à 46 qui ont trait au tribunal anti-dumping et qui se rattachent à l'article 16, page 66, l'article 32, page 90, l'article 14, page 64, l'article 13(5), pages 58 à 64 et l'article 30, page 86. Oui, monsieur Roberts?

**M. Roberts:** Je voudrais poser une question au témoin au sujet du paragraphe 46, qui a trait à l'article 30. Puis-je demander au témoin s'il s'agit là d'une question d'ordre secondaire ou si c'est une question qui semble revêtir beaucoup d'importance?

Je vois d'un œil très favorable le point de vue exposé dans votre mémoire, mais je vous



[Text]

this particular point. I wonder how important you think it is? Is this a key matter as far as you are concerned or is it really a marginal one?

**Mr. Hehner:** I do not think I can add very much, sir, to the words we put in our brief. We have the feeling that it detracts from the status of what is supposed to be an independent Tribunal with the status of a court. As we have pointed out, the Tribunal is given power to seek the advice of any agency or Department of the Government of Canada.

I might also add that since anything which is being considered by the Tribunal has previously been the subject of publication of formal notices at earlier stages, if there is any Department of Government of Canada which feels that the Tribunal is dealing with a matter on which it has expert knowledge and it can be of assistance to the Tribunal, then there is a way in which it can note through this publication that the case is up.

Apart from these comments I do not think I can add much to what we now have in the written brief.

**Mr. Roberts:** Thank you.

• 1740

**The Chairman:** Have you any more questions, gentlemen, or are there any comments from the government officials?

**Mr. Aithur:** Mr. Chairman, I think just one comment on paragraph 45. I do not think that the brief suggests that there should be retroactive effect. Where the Tribunal reviews or changes its orders or findings. There is no intention...

**Mr. Hehner:** We had presumed there was no such intent.

**Mr. Arthur:** I just wanted to make that clear.

**The Chairman:** Are there any comments or questions from the members? If not...

**Mr. Hehner:** Mr. Chairman, I think you are now passing to the conclusion paragraph...

**Mr. Chairman:** Yes.

**Mr. Hehner:** Paragraph 47, which is a sort of summing up, a repetition of our statements on the heavy burden which is going to be placed on the administrative department. I have been doing most of the talking today, because we have been discussing technical points, relating to the wording.

[Interpretation]

demande l'importance que vous attachez à ces dispositions? S'agit-il d'un point marginal?

**M. Hehner:** Je ne pense pas que je puisse ajouter grand-chose à ce que nous avons inscrit dans notre mémoire. Nous avons l'impression que cela devrait être un tribunal indépendant ayant le statut d'une cour. Nous avons signalé que le tribunal a les pouvoirs de demander des avis de n'importe quel organisme ou ministère de l'État.

Je puis aussi ajouter que si ce qu'étudie le tribunal a déjà fait l'objet de publications ou d'avis antérieurs, s'il y a un ministère de l'État qui estime que le tribunal s'occupe d'une question sur laquelle il possède des connaissances étendues et qu'il peut aider le tribunal, on peut le savoir par l'entremise de cette publication.

Outre ces commentaires, je ne pense pas que je puisse ajouter quoi que ce soit, en plus de ce que vous avez dans le texte du mémoire.

**M. Roberts:** Merci.

**Le président:** Y a-t-il des questions, messieurs? Y a-t-il des commentaires des fonctionnaires du gouvernement?

**M. Arthur:** Monsieur le président, je crois que je puis faire un commentaire sur le paragraphe 45. A mon avis, le mémoire ne dit pas que les effets ne devraient pas être rétroactifs si le tribunal modifie ses conclusions ou ses constatations.

**M. Hehner:** Nous avons conclu que tel n'était pas votre intention.

**M. Arthur:** Je tenais à bien le préciser.

**Le président:** Y a-t-il des commentaires de la part des députés? Des questions? Sinon...

**M. Hehner:** Monsieur le président, je crois que vous en venez maintenant à la conclusion, paragraphe 47...

**Le président:** C'est cela.

**M. Hehner:** ...qui est une espèce de résumé, une répétition de nos déclarations sur les lourds fardeaux qui seront imposés à l'administration. Nous avons discuté aujourd'hui des points techniques intéressant le libellé de la Loi et c'est la raison pour laquelle j'ai beaucoup parlé aujourd'hui.



[Texte]

I think perhaps we have come to a place where, if it is acceptable to you, you might hear from some of the principals, and Mr. Malone might make a comment.

**The Chairman:** I agree, Mr. Hehner.

**Mr. Malone:** Mr. Chairman, as Mr. Hehner said, we have dealt extensively with the technical aspects of the proposed legislation. We have also dealt extensively with the necessity for effective administration if the legislation is to fulfil its proper role in protecting against dumping.

Not only the manufacturers but the workers we represent, are engaged in an industry which is susceptible to dumping, which has been hurt by dumping. It has also been hurt by other aspects of international trade, especially trade from low wage countries.

This subject, which Mr. Émard raised earlier today, has been the subject of extensive discussions with the government. A joint brief was filed by management and labour unions on this particular subject and is not properly the subject today.

However, it is our feeling that if the legislation is to be effective, it is up to the government to set the tone or the manner in which it feels the legislation should be administered. The Department of National Revenue has been the subject of discussion today. There is mentioned in our brief that we feel there are problems, or there will be problems, in the Department of National Revenue if the legislation is to be administered properly.

So, therefore, we feel it is up to the government to set the tone of how it feels that the legislation is to be administered. If there is a feeling that there has to be some beefing up of the Department of National Revenue or the Customs and Excise Division to enable it to do its job properly, it is fundamental that the government see that this is done. We cannot have various whipping boys.

In the long run it is up to the government. This is the government's legislation, it is the legislation of Parliament. We do not feel that this point can be over-emphasized. There may be others of our group here today who have comments also.

**Mr. King:** Mr. Chairman, and members of the Committee, I have a very brief comment. I would like to reduce this to a very simple

[Interpétation]

Je crois que M. Malone pourrait maintenant faire un commentaire, si cela vous convient.

**Le président:** Je suis d'accord.

**M. Malone:** Monsieur le président, comme M. Hehner l'a dit, nous avons fait des observations, en long et en large, sur les aspects techniques de la mesure législative. Nous avons aussi étudié en profondeur la nécessité d'assurer une administration efficace, pour que la loi atteigne les objectifs envisagés contre le dumping.

L'industrie, que nous représentons, non seulement les fabricants mais aussi les travailleurs, c'est une industrie qui est sensible au dumping, qui en a déjà souffert et qui a aussi subi le contre-coup d'autres aspects du commerce international, notamment, des importations des pays où les traitements sont peu élevés.

Comme M. Émard l'a signalé plus tôt aujourd'hui, cette question a fait l'objet de longues discussions avec le gouvernement. Un mémoire conjoint a été présenté par le patronat et le syndicat là-dessus.

Nous estimons que, pour que la mesure soit vraiment exécutoire, il appartient au gouvernement. Un mémoire conjoint a été présenté par le patronat et le syndicat là-dessus.

Nous estimons que, pour que la mesure soit vraiment exécutoire, il appartient au gouvernement de créer le climat, dans lequel devra baigner l'administration de la Loi. Le ministère du Revenu national a été mentionné au cours de la discussion aujourd'hui. Dans notre mémoire nous signalons le fait qu'il y a des problèmes ou qu'il y aura des problèmes au sein du ministère du Revenu national, si la Loi doit être bien appliquée.

Il importe donc que le gouvernement prenne l'initiative de dire comment la mesure doit être appliquée et, si l'on estime qu'il importe de donner plus d'autorité au ministère du Revenu national ou à la Division des douanes, il faudra que le gouvernement agisse en conséquence.

A la longue, cela incombe au gouvernement. C'est une mesure proposée par le gouvernement et adoptée par le Parlement. Nous n'insisterons jamais trop sur ce point. Peut-être y a-t-il d'autres membres de notre groupe qui aimeraient aussi faire des commentaires. M. King.

**M. King:** Monsieur le président, membres du Comité, je ferai un très bref commentaire. J'aimerais à résumer tout ceci à un point très

[Text]

point. We are in a big league now. Our manufacturing industry, not only the textile industry, but all manufacturing industry in Canada is in the big league. If one is going to play in the big league and maintain his franchise he has to know the rules and he has to play by the rules.

We have to play to win, not necessarily the winner, but in the top bracket if he is going to hold his franchise.

I say that the most important thing, reducing it to very simple words is, if one is going to play in the league, he must play according to the rules of the tough teams in the league. It is a very tough league. This country is not going to get ahead if we are patsies and we let everybody board us and we do not board anybody else, to put it in hockey parlance.

• 1745

Play it as the game is played.

We need capital investment in this country. We need employment. There is a whole range of things involved with capital investment and employment, things that are very, very essential.

I say that the conduct of this anti-dumping legislation can have one of the greatest effects on both capital investment and employment in this country in the years to come. If we do not take very, very active steps to be sure that we are playing the game the way it is played by those in other countries, we may all be very unhappy. Thank you.

**The Chairman:** Thank you, Mr. King.

**Le président:** Est-ce que M. Goulet aurait des commentaires à faire à la fin de cette réunion? Monsieur Goulet ou monsieur Demers?

**M. Demers:** Non, pas moi. Merci bien.

**The Chairman:** Are there any comments from the members? Yes, Mr. Gillespie.

**Mr. Gillespie:** I would just like to say, as others have said earlier in the day Mr. Chairman, that I have been most impressed with the presentation of all members of the industry. I think it most significant that we have heard from both labour and management and in a comprehensive and eloquent way.

**Mr. Hehner:** Thank you very much. May I also—in this mutual admiration society—express my thanks to the members of the Committee for the courteous way in which they have addressed questions, and to the

[Interpretation]

simple: l'industrie de la fabrication, non seulement l'industrie du textile mais toutes les industries de fabrication au Canada se retrouvent parmi les grands, ou dans les majeures pour emprunter au jargon sportif. Et, pour faire partie des ligues majeures et y garder une franchise, il faut connaître, évidemment, les règlements et il faut s'en tenir aux règlements.

Il faut jouer de façon à sortir victorieux. Il ne faut pas nécessairement être le seul vainqueur mais il faut se retrouver parmi les meilleurs joueurs, si l'on veut tenir son bout du marché. Et, pour résumer tout cela en quelques mots, je dirais que pour faire partie de la ligue, il faut le faire d'après des règlements des équipes les plus dures de la ligue. Et, cette ligue, je vous assure, est très dure.

Et, notre pays ne prendra pas l'avance sur les autres, si nous laissons tout le monde nous ennuyer sans répliquer.

Nous jouerons selon les règles du jeu.

Nous avons besoin d'investissements dans notre pays, nous avons besoin d'emplois, et il y a beaucoup de facteurs en cause, qui sont essentiels et qui touchent à ces domaines.

Et, cette Loi contre le dumping peut avoir des répercussions très profondes et sur l'investissement et sur l'emploi au Canada au cours des années à venir. Et, si nous ne prenons pas des mesures très efficaces dans le but de nous assurer que nous allons jouer le jeu à la façon des autres pays, nous nous en porterons que plus mal. Je vous remercie.

**Le président:** Merci, monsieur King.

**The Chairman:** Mr. Goulet, do you have any comments to make at the end of this meeting? Mr. Goulet or Mr. Demers?

**Mr. Demers:** No, thank you.

**Le président:** Est-ce que les députés veulent faire des commentaires? Oui, monsieur Gillespie.

**M. Gillespie:** Comme d'autres l'ont dit plus tôt au cours de la journée, monsieur le président, j'ai été très très impressionné par l'exposé de tous les membres de l'industrie. C'est un fait très significatif que nous ayons entendu le point de vue patronal et syndical, d'une façon très complète et très étoffée.

**M. Hehner:** Merci beaucoup. Puis-je exprimer mes remerciements aux membres du Comité pour la courtoisie dont ils ont fait preuve, lorsqu'ils ont posé les questions, ainsi qu'au président du Comité, qui a fait preuve



[Texte]

Chairman for his courtesies and assistances as we made our presentation. If it is not out of order to mention someone who is not a member of the Committee, sir, but a servant of the Committee, I would also like to express our thanks to Miss Ballantine for the help she gave us in arranging for this presentation.

**The Chairman:** My thanks to the Canadian Textiles Institute, the Confederation of National Trade Unions, the Textile Workers' Union of America, and United Textile Workers of America for the presentation of their brief and the comments they have made before this Committee. Thank you very much.

Yes, Mr. Roberts.

**Mr. Roberts:** Who are we going to have testify this evening?

**The Chairman:** This evening it is the Canada Japan Trade Council at 8.00 o'clock in the same room.

#### EVENING SITTING

**The Chairman:** Gentlemen, you have before your Committee a brief from the Canada-Japan Trade Council, and I will ask Colonel R. L. Houston and Mr. G. Wasteney to comment before the Committee.

Colonel Houston is Executive Director of the Canada-Japan Trade Council, and Mr. Wasteney is President of Wasteney & Evans Consultants Limited of Ottawa.

Colonel Houston, do you have any comments before we go through your brief?

**Mr. Robert L. Houston (Executive Director, Canada-Japan Trade Council):** Mr. Chairman, gentlemen, it is a pleasure to be here. I believe everyone has a copy of our short brief, but I would just like to reiterate what I said in the covering letter to our brief—that the main object in submitting the brief on anti-dumping legislation is to ensure to the best of our ability that no avoidable impediment occurs to the present large and growing two-way trade between Canada and Japan.

Our secondary object is to emphasize that the proposed new act and regulations, while a great improvement on the present legislation, still fail to overcome certain inequities which create hardship for the export industries of a number of Canada's trading partners, including Japan.

With your permission I would like to say a word on the composition of this tribunal. We

[Interprétation]

de beaucoup de courtoisie à notre égard. S'il n'est pas irrecevable de mentionner quelqu'un qui n'est pas membre du Comité, je tiens à remercier M<sup>lle</sup> Ballantine pour toute l'aide qu'elle nous a apportée dans la préparation de cet exposé.

**Le président:** Je tiens à remercier l'Institut Canadien des textiles, la Confédération des syndicats nationaux, l'Union des ouvriers du textile d'Amérique, les Ouvriers unis du textile d'Amérique, pour la présentation de leur mémoire et pour les excellents commentaires qu'ils nous ont présentés. Merci beaucoup.

Oui, monsieur Roberts?

**M. Roberts:** Qui viendra témoigner ce soir.

**Le président:** Ce soir à 8 h., dans la même pièce, nous entendrons le Conseil commercial Canada-Japon. Merci beaucoup.

#### SÉANCE DU SOIR

**Le président:** Messieurs, vous êtes saisis d'un mémoire du Conseil commercial Canada-Japon, et j'invite maintenant les représentants du Conseil à se présenter devant le comité.

Le colonel Houston est le directeur exécutif du Conseil commercial Canada-Japon et M. Wasteney est le président de Wasteney & Evans Consultants Limited d'Ottawa.

M. Houston, avez-vous quelques commentaires à faire au sujet de votre mémoire?

**M. Robert L. Houston (Directeur exécutif, Conseil commercial Canada-Japon):** Monsieur le président, messieurs, c'est un plaisir d'être parmi vous ce soir. Je crois que vous avez tous un exemplaire de notre bref mémoire, mais j'aimerais simplement répéter ce que j'ai dit dans la lettre qui accompagnait notre mémoire. C'est d'ailleurs le principal objet pour lequel nous présentons notre mémoire sur la Loi antidumping. Il s'agit d'assurer, au meilleur de nos connaissances, qu'on n'entravera pas le commerce entre le Canada et le Japon, qui croît à l'heure actuelle.

Notre deuxième objet, c'est de bien souligner que la nouvelle proposition de Loi et les règlements qui en découleront, tout en constituant une amélioration marquée par rapport à la Loi actuelle, n'effacent pas néanmoins certaines injustices qui créent des difficultés pour des industries d'exportation d'un grand nombre de partenaires commerciaux du Canada, y compris le Japon.

Avec votre permission, j'aimerais dire un mot au sujet de la composition du tribunal. A



[Text]

are looking ahead 25, 50 perhaps 75 years, and I suggest that the composition of the tribunal or the body which is going to be set up can be one of the most important bits of legislation which have occurred in our country for a long number of years. I suggest that in this day and age,—and this is nothing new to you gentlemen assembled—you cannot dissociate trade and politics.

We do not have lobbying as it is commonly known in the United States, but I suggest that we have a very strong lobbying in a different form here in Canada. I cannot emphasize too strongly that untold harm can be done between countries, not only in the economic field, to repeat once again, but in the political field, if bad judgments are given by bodies such as the tribunal in question.

[Interpretation]

mon avis, nous sommes en avance de 25, de 50 ou même de 75 années. Je suis d'avis que la composition du tribunal ou de l'organisme qui sera institué pourrait correspondre à l'une des mesures législatives les plus importantes qui aient été présentées à notre Parlement depuis bon nombre d'années. Je ne vous apprendis rien en disant qu'on ne peut pas dissocier, à notre époque, le commerce et la politique.

Nous n'avons pas de système de pression politique comme aux États-Unis, mais, à mon avis, nous avons tout un service de pression politique de forme différente au Canada. Je ne saurais trop insister sur le fait qu'on peut causer beaucoup de tort, non seulement dans le domaine économique, mais aussi dans le domaine politique, entre les pays, si des organismes comme le tribunal envisagé rend des jugements mal fondés.

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In thinking it over in my mind, I wonder if there should not be a body somewhat in the form of the Supreme Court of Canada, and perhaps some might say that I am taking too drastic a view of this body, but I suggest, if you think it over very carefully, that a good deal may be said for having a body of men—perhaps one should not exclude ladies as well—of the highest integrity and the broadest judgment because they are going to be dealing with extremely important matters.

This body could deal with matters involving large amounts of money, the Tribunal of civil servants could deal with lesser amounts and the remainder could be handled by the Department of National Revenue. As I read the proposal, a tremendous onus is being placed upon the Deputy Minister of National Revenue, and I think it is a most unfair onus. As we said in our brief, he as well as his senior advisers and the Minister could be placed in a most invidious position.

**The Chairman:** Thank you, sir. Has Mr. Westeneys any comments he would like to make?

**Mr. Geoffrey Wasteneys (President, Wasteneys & Evans Consultants Limited):** I will not make any general comments, sir. If someone wishes to ask questions on our brief, that is my subject.

**The Chairman:** Thank you. Mr. Arthur, do you or Mr. Hind have any comments you wish to make on the brief?

**Mr. Hind:** No, sir.

En y réfléchissant, je me demande s'il ne devrait pas y avoir un organisme semblable à la Cour suprême du Canada. Certains diront peut-être qu'on adopte une vue trop rigoureuse de cet organisme. Il y aurait sans doute avantage à avoir un groupe d'hommes, et peut-être même de femmes, de grande intégrité et ayant un jugement sûr, car cet organisme va étudier des questions d'extrême importance.

Cet organisme pourrait étudier des questions qui ont trait à de vastes sommes d'argent. Le tribunal de fonctionnaires pourrait s'occuper de plus petites sommes et ce qui reste, pourrait relever du ministère du Revenu national. Si je lis bien la proposition qui est faite, on impose une charge considérable au sous-ministre du Revenu national et je crois que cela est tout à fait injuste. Ainsi que nous le signalions dans notre mémoire, il pourrait être placé dans une très mauvaise situation, de même d'ailleurs que le ministre lui-même.

**Le président:** Merci beaucoup. M. Wasteneys aurait-il des commentaires à faire?

**M. Geoffrey Wasteneys (président, Wasteneys and Evans Consultants Ltd):** Je ne ferai pas de commentaires en général. Je suis venu ici spécialement pour répondre aux questions qu'on aimerait poser sur notre mémoire.

**Le président:** Merci. Monsieur Arthur avez-vous des commentaires à formuler sur le mémoire avant que nous commençons à poser des questions ou vous, monsieur Hind?

**M. Hind:** Non.

[Texte]

**The Chairman:** Gentlemen, you have received the brief and I am at your disposal regarding questions or comments.

**Mr. Harkness:** At the top of page 2 of your brief you state:

We understand that the proposed new Regulations are intended to provide for the deduction from the normal value of certain allowances covering such matters as cash discounts, transportation costs and similar items and that this allowance would include costs incurred by the exporter in his domestic marketing of similar goods relating directly to functions which, in Canada, would be provided by the importer.

That is not my understanding of the evidence we have heard to date. I wonder if either Mr. Arthur or Mr. Hind would like to comment on that?

**Mr. Arthur:** Mr. Chairman, as I understand this paragraph there is a suggestion that certain costs incurred by the exporter in his domestic market are not taken into account in establishing normal value.

Mr. Chairman, I think we have had a good deal of discussion on the basis on which normal value will be established. First of all, clause 9 of the bill sets out the conditions for determining normal value and the Regulations under clause 9 spell out in greater detail the discounts that may be allowed.

I would be most interested, Mr. Chairman, in knowing specifically what the witness has in mind when he suggests, as I understand it, there are certain costs which are not allowed in determining normal value.

**Mr. Wasteneys:** Mr. Chairman, it was not really our intention in the brief to suggest that these were not allowed. In fact, this is a transposition of meaning. We were simply referring to the various allowances that would be used in determining the normal value. We were not suggesting that you were not going to allow them.

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**Mr. Arthur:** Then, Mr. Chairman, are there certain allowances that are not included in the Regulations, as they have been put before this Committee that would apply in the home market, and where there is no provision for these being taken into account in determining normal value?

**Mr. Wasteneys:** Excuse me, Mr. Chairman. I am not sure whether Mr. Arthur is directing that question to me or to...

[Interprétation]

**Le président:** Messieurs, nous avons entendu la lecture du mémoire et je suis à votre disposition, si vous avez des commentaires à faire ou des questions à poser.

**M. Harkness:** Au haut de la page 2, de votre mémoire, vous dites ce qui suit:

Nous comprenons que le projet de règlement a pour objet de prévoir la déduction, de la valeur normale, de certains dégrèvements touchant, par exemple, les rabais en espèces, le coût du transport et d'autres articles semblables, et que ces dégrèvements comprendraient les frais de l'exportateur pour la commercialisation domestique de produits semblables directement connexe aux fonctions qu'au Canada l'importateur devrait assumer.

Ce n'est pas ainsi que j'ai interprété les témoignages que nous avons eus jusqu'ici. Je me demande si M. Arthur ou M. Hehner peut faire des commentaires là-dessus?

**M. Arthur:** Monsieur le président, si je comprends bien ce paragraphe on dit que l'exportateur doit assumer certains frais sur le marché interne et qu'on n'en tiendra pas compte pour déterminer la valeur normale.

J'estime, monsieur le président, que nous avons eu beaucoup de discussions sur la détermination de la valeur normale. Tout d'abord l'article 9 du Bill établit les conditions pour déterminer la valeur normale et les règlements découlant de l'article 9 explicitent le rabais qui peut être accordé.

J'aimerais bien savoir ce à quoi songe notamment le témoin quand il dit qu'il y a certains frais dont il n'est pas tenu compte dans la détermination de la valeur normale.

**M. Wasteneys:** Monsieur le président, je ne disais pas qu'il n'y avait pas de dégrèvement, il s'agit là de la transposition de comptes rendus de nos réunions. Nous voulons parler de divers dégrèvements qui seront utilisés pour déterminer la valeur normale, nous ne disons pas que vous ne les accorderez pas.

**M. Arthur:** Dans ce cas, monsieur le président, y a-t-il des dégrèvements qui ne sont pas inclus dans les règlements présentés au Comité et qui pourraient s'appliquer sur le marché national n'entreraient pas en ligne de compte pour la détermination de la valeur normale?

**M. Wasteneys:** Pardon, monsieur le président, j'ignore si on pose cette question au président ou directement à moi?



[Text]

**The Chairman:** The questions are always asked through the Chairman, but either you or Mr. Houston may reply.

**Mr. Wasteneys:** Frankly, I think there is sort of a misunderstanding here. This paragraph is purely intended to be descriptive and not argumentative. It has been turned around in some way. The object of it is simply to show that we are concerned about the fact that, in contrast to the present provisions of section 6 of the Customs Tariff Act, allowances are provided for certain costs. I suppose I should direct this remark to the proposed draft Regulations, which state in paragraph 5:

The normal value of any goods as otherwise determined may be justified with the deduction of an allowance on account of deferred discounts granted by the exporter in connection with the goods purchased by the importer, if the discounts are shown on the invoice at the time of the importation...

These various things are further spelled out in the Regulations. This is really all we are directing your attention to.

**Mr. Houston:** If I might just add to that, Mr. Chairman, the reason the paragraph is phrased this way is because we want to make sure that the proposed new Regulations cover this. So, it is really a question we could direct to you as an expert on this.

**Mr. Harkness:** This comes back to my original question. This has certainly not been my understanding as we have gone through the evidence to date in this Committee in consideration of this White Paper on Anti-Dumping.

**Mr. Houston:** This is why we wanted to bring out the point, Mr. Harkness. That is why I wish to direct my question, if I may, to Mr. Arthur.

**The Chairman:** I understand that Mr. Hind wishes to comment on your remarks.

**Mr. Hind:** Mr. Chairman, perhaps I could give Mr. Arthur a breather while he is rearranging his papers. As I understand the paper, the Council expresses satisfaction in the fact that under the new Regulations the Department, in determining the normal value, will be permitted to make appropriate allowances for such things as cash discounts.

I suggest that that is indeed covered by Regulation 6. The next item for which it is suggested there is provision for allowance is

[Interpretation]

**Le président:** Il faut toujours s'adresser au président, mais c'est vous qui êtes le témoin.

**M. Wasteneys:** Je crois franchement qu'il y a ici un malentendu. Ce paragraphe devrait être descriptif et non pas litigieux, argumentatif. Voici de quoi il s'agit. Nous craignons que, contrairement aux dispositions relevant de l'article 6 de la Loi sur le tarif des douanes, on tient compte des circonstances de certains frais, de certains coûts. Ceci a trait au projet de loi qui stipule à l'article (5):

la valeur normale de toute autre marchandise, compte tenu d'une déduction ou des dégrèvements accordés par les exportateurs. Si les rabais ou les dégrèvements étaient indiqués sur le bordereau au moment de l'importation, etc...

Je crois que toutes ces dispositions sont explicitées dans les règlements. Voilà ce que nous voulons signaler.

**M. Houston:** Puis-je ajouter, monsieur le président, en lisant le paragraphe, nous comprenons qu'elle est nouvelle proposition de Loi et nous voulons nous assurer qu'elle s'applique à ces cas. C'est une question que nous pourrions vous poser, puisque vous êtes spécialiste en la matière.

**M. Harkness:** Ceci revient à ma première question, car ce n'est sûrement pas ce que j'avais compris, mais en jetant un coup d'œil sur le Livre blanc sur l'antidumping et d'après tous les témoignages qui ont été donnés au Comité jusqu'à présent.

**M. Houston:** C'est la raison pour laquelle nous avons soulevé cette question, monsieur Harkness. Et j'aimerais poser la question à M. Arthur. Est-ce que—ne sachant pas ce qu'on a dit auparavant—est-ce que nous avons raison?

**Le président:** Voulez-vous faire des commentaires là-dessus?

**M. Hind:** M. Arthur range ses papiers. Je peux peut-être expliquer la situation. Si je le comprends bien le Conseil exprime sa satisfaction, car en application du nouveau règlement, un ministère lorsqu'il déterminera la valeur, permettra des dégrèvements pour certaines remises. Le règlement numéro 6 prévoit ce cas. Le point suivant pour lequel nous pensons qu'on y tient compte de dégrèvement tient aux frais de transport, le tout régi par le règlement n° 7. Le point suivant auquel nous



[Texte]

transportation costs. This is also true. This is covered by Regulation 7.

The next item we come to is similar items. I suggest to you that if you look at Regulation 5 you will find there is provision under the draft act for the allowance of deferred discounts in the home market. When we come to other allowances I would suggest that if you look at Regulation 3 you will find that the Department of National Revenue, in establishing the normal value, may for the first time be able to make an allowance for larger quantities coming into Canada than are sold in the home market.

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If you look at another regulation—which I have not been able to pinpoint yet by number, although I believe it is Regulation 8—you will find that the Department of National Revenue can make an allowance for trade level. In other words, if the sale is to an importer who is at a superior level of trade, the best level of trade buying in the home market, the Department of National Revenue under Regulation 8 can make a suitable allowance for the costs which the exporter would save if he were to sell in his home market to that level of trade.

So, I think in a general way, Mr. Chairman, I would say that the new Regulations really coincide with the interpretation placed on them by the Council.

**Mr. Arthur:** Mr. Chairman, I really made my remarks because I was looking at the word “concerned” in the next paragraph:

We are particularly concerned with Section 9(1) (d) of the proposed Anti-Dumping Act...

The Regulations, as Mr. Hind has just given to the Committee, spell out these various allowances. My remarks were based on this word “concerned”.

**The Chairman:** Did you want to make a comment, Mr. Houston?

**Mr. Houston:** I think it is a concern. I believe Mr. Hind has explained it. I think the matter mainly is that it is explained before this body so there is no misunderstanding either in our minds or—I do not know whether Mr. Harkness is satisfied.

**The Chairman:** Have you any other questions, Mr. Harkness?

**Mr. Harkness:** Not at this point, no.

**Mr. Howard (Okanagan Boundary):** Mr. Chairman, I was interested in the comments

[Interprétation]

venons est: articles semblables. Je pense que si on examine le règlement n° 5, on prévoit, d'après le projet de loi, des dégrèvements postérieurs.

Lorsqu'on en arrive à d'autres dégrèvements, si vous examinez le règlement n° 3, vous constaterez que le ministère du Revenu national, lorsqu'il établit la valeur normale peut, pour la première fois, prévoir un dégrèvement pour des quantités plus importantes importées au Canada que celles vendues sur le marché intérieur.

Et, si l'on examine un autre règlement, dont je n'ai pas le numéro dans le moment, je pense que c'est le règlement n° 8 et vous verrez que le ministère du Revenu national peut permettre un dégrèvement au niveau commercial. Donc, si la vente se fait à un importateur qui a un niveau supérieur commercial par rapport au meilleur niveau commercial sur le marché intérieur, d'après le règlement numéro 8, le ministère du Revenu national peut prévoir un dégrèvement approprié pour tenir compte des coûts auxquels l'exportateur n'aurait pas à faire face s'il vendait sur le marché intérieur à ce niveau. Monsieur le président, je pense que les nouveaux règlements coïncident avec l'interprétation que le Conseil a adoptée.

**M. Arthur:** Je suis intervenu parce que j'ai examiné les termes du paragraphe suivant qui dit que nous sommes particulièrement préoccupés par l'article 9 1) b) de la loi proposée. Et ces règlements, comme l'a fait remarquer M. Hind au comité, fixent ces différents dégrèvements. Je voulais parler de nos préoccupations.

**Le président:** Vous avez des commentaires, M. Houston?

**M. Houston:** Oui, cela nous préoccupe! M. Hind l'a expliqué; c'est une question qu'on nous a de façon qu'il n'y ait pas de malentendu dans notre esprit.

**Le président:** Avez-vous d'autres questions, monsieur Harkness?

**M. Harkness:** Non, pour l'instant, pas.

**M. Howard (Okanagan-Boundary):** Monsieur le président, j'ai été intéressé par les

*[Text]*

made by Mr. Houston when he said too much onus is put on the Deputy Minister. Again, on page 2 of the brief it is suggested:

We are concerned that the determination of the final amount will rest entirely upon the opinion of the Deputy Minister rather than upon factual evidence which could, presumably, be presented.

We have also noted a very considerable discretion which is provided to the Deputy Minister of National Revenue...

In the light of these comments, what is your opinion of Section 37 on page 96 which gives the Minister very wide latitude. I would be interested in what you have to say about that section.

**Mr. Houston:** Mr. Chairman and Mr. Howard, in my opening remarks which I made very broad—I will go back again. I would hate to be the Minister or the Deputy Minister, to be placed in a position in which this Act is going to place or could place these two gentlemen. Everyone is human.

If you have a large body of people very carefully selected—as I said they could not deal with every little item which comes up which normally would fall within the purview of the Department.

But if you have a matter which is going to run into perhaps millions of dollars or hundreds of thousands of dollars, between two countries where the greatest amount of anger can be generated—businessmen in all countries, at least in our Western countries, have a tremendous effect on the governments—I am merely saying, or we are merely saying, that to put this onus on the Minister and on the Deputy Minister of a Department, I feel is much too great.

**Mr. Howard (Okanagan Boundary):** You would prefer to see it done by the larger skill handled by a court, really?

**Mr. Houston:** Exactly.

**Mr. Howard (Okanagan Boundary):** What is your opinion of Section 37? Would Mr. Wasteneys like to deal with that?

**Mr. Wasteneys:** Mr. Chairman, I shall answer that. I think that Mr. Hind and the other representatives from the Department of National Revenue would agree that Section 37 is something extra, specific to the anti-dumping, and it is a position that is found, or is adding to a position that can be found, under Section 6 of the Customs Tariff providing for a surtax which is additional to anti-dumping duty. It is a wide power.

*[Interpretation]*

commentaires de M. Houston qui a dit: le sous-ministre a trop de responsabilités. Puis à la page 2 du mémoire, il est suggéré:

que la somme définitive dépendra essentiellement de l'avis du sous-ministre plutôt que des preuves qui pourraient être présentées. Et nous remarquons que l'on laisse une grande discrétion au sous-ministre du Revenu national.

A la lumière de ces remarques, quel est votre avis, que pensez-vous de l'article 37, à la page 96; qui donne de très grandes possibilités au ministre, qui lui laisse toute latitude, que pensez-vous de cet article?

**M. Houston:** Monsieur le président et monsieur Howard, dans ma déclaration d'introduction qui était très générale, j'y reviens, je n'aimerais être ni le ministre ni le sous-ministre et me trouver dans la situation dans laquelle la loi va, ou pourrait placer ces deux messieurs. Nous sommes tous humains.

Prenons un vaste ensemble constitué par des gens qui sont très soigneusement choisis, comme je l'ai dit, ils ne peuvent pas étudier chacun des articles qui entrent et qui relèvent de la compétence du ministère.

Mais s'il y a une question, un point qui met en jeu des millions de dollars ou des centaines de milliers de dollars entre deux pays et est susceptible de créer des tensions, les hommes d'affaires de tous les pays, de nos pays occidentaux du moins peuvent exercer des pressions très importantes sur le gouvernement. Et nous disons simplement, je dis simplement que si cette responsabilité est confiée au ministre ou au sous-ministre d'un ministère, cela est trop.

**M. Howard (Okanagan-Boundary):** Vous préféreriez que ce soit fait sur une plus grande échelle et que ce soit un tribunal qui tranche?

**M. Houston:** Exactement.

**M. Howard (Okanagan-Boundary):** Que pensez-vous de l'article 37? M. Wasteneys?

**M. Wasteneys:** Monsieur le président, je répondrai, à mon avis, M. Hind et les autres représentants du ministère du Revenu national doivent admettre que l'article 37 est quelque chose de très précis. Cela s'ajoute aux dispositions d'antidumping, à l'article 6 du tarif des douanes qui impose une surtaxe en plus des droits d'antidumping. C'est là un grand pouvoir.



*[Texte]*

Although a change has been made in Section 6 of the Customs Tariff, it is of much the same nature as is currently provided. It is a special duty or a special tax over and beyond dumping duty. There probably have been instances of this tax having been applied, but not to my knowledge.

**Mr. Howard (Okanagan Boundary):** You are not alarmed by the provision that makes for the Minister having such wide discretionary powers, then?

**Mr. Houston:** I am alarmed, and again I say I am alarmed for the Minister as much as anyone else. In a country as broad as ours, of ten provinces with so many diverse industrial factors going to make it up—and I again will go back to the lobbying question—a tremendous amount of influence can be put on any Minister.

With all due respect, and I have the greatest respect for our Ministers both past and present, but again I say everyone is human, and for one man to be put under a tremendous amount of attack, I think is most unfair.

That is why I say that, whether you call it a Tribunal or whatever it may be, matters involving tremendous amounts of money—and this has to be gone into very carefully to find out the ramifications of something which perhaps on the surface appears relatively minor—may project themselves from hundreds of dollars into hundreds of thousands. And this is my great concern about this Article 37.

**Mr. Howard (Okanagan Boundary):** Could we have the comments of Mr. Hind or Mr. Arthur on this subject?

**Mr. Hind:** Mr. Chairman, the clause in question, namely—

**The Chairman:** Mr. Hind, before you go on, I am sure you will be able to reply for yourself, but Mr. Howard is asking a question perhaps that should be directed to a Minister of the Crown. But I will leave it to Mr. Hind.

**Mr. Danson:** We do not have a Minister of the Crown here.

**Mr. Harkness:** If I may say a word on this, Mr. Chairman, I do not think that situation—Section 37—is designed to cover cases which are not dumping, but rather where unfair competition for Canadian products comes into existence. It is particularly applicable, as I mentioned several times before in this Committee, in the fruit and vegetable industry

*[Interprétation]*

Bien qu'une modification ait été faite à l'article 6 du tarif des douanes c'est tout à fait la même chose que ce qui est prévu ici. Et c'est un droit spécial ou une taxe spéciale qui s'ajoute au droit de dumping. Je ne connais pas de cas dans lequel ce texte ait été appliqué.

**M. Howard (Okanagan-Boundary):** Vous n'êtes pas inquiet en raison de la grande latitude dont dispose le ministre?

**M. Houston:** Moi, oui je le suis. Je suis aussi inquiet pour le ministre que le sont les autres. Monsieur le président, dans un pays aussi vaste que le nôtre, il y a dix provinces avec tant de facteurs industriels divers qui composent ce pays. Et j'en reviendrai à la question des pressions qui s'exercent sur le gouvernement, qu'on peut faire grandement pression sur n'importe quel ministre.

Et en toute déférence, j'ai le plus grand respect pour nos ministres, aussi bien nos anciens ministres que les ministres du gouvernement actuel. Mais je répète que le monde est humain et qu'un homme soit soumis à tant d'attaques me semble très injuste.

C'est pourquoi je dis: qu'on appelle cela un tribunal ou qu'on l'appelle ce qu'on voudra, les questions mettant en jeu de grosses sommes d'argent doivent être attaquées très prudemment pour savoir quelles sont les ramifications de quelque chose qui, superficiellement, peut sembler tout à fait secondaire, mais qui peut atteindre non des centaines de dollars, mais des centaines de milliers de dollars. Voilà quelle est ma plus grave inquiétude en ce qui a trait à l'article 37.

**M. Howard (Okanagan-Boundary):** Est-ce que nous pourrions avoir l'opinion de M. Hind ou de M. Arthur au sujet de ce qui vient d'être dit?

**M. Hind:** Monsieur le président, l'article en question ...

**Le président:** Avant que vous ne continuiez, monsieur Hind, vous posez une question qui devrait être adressée à un ministre de la Couronne.

**M. Danson:** Il n'y a hélas pas de ministre de la Couronne présent.

**M. Harkness:** L'article 37 se rapporte non au dumping mais à la concurrence déloyale et il s'applique particulièrement, comme je l'ai dit plusieurs fois auparavant au comité, à l'industrie des fruits et des légumes en raison de la nature saisonnière de cette industrie et c'est le genre de dispositions qu'il faut absolument avoir au tarif douanier afin de donner



[Text]

because of its seasonal nature. And it is the type of provision which I think it is essential to have, as far as your Customs regulations are concerned, in order to give protection which otherwise just would not exist, and which is necessary in order to keep many industries in existence at all, and which is for the ultimate protection really of the consumer.

**Mr. Howard (Okanagan Boundary):** I am prepared to accept the necessity of having it there, but it would seem to me that it is important that we have a clear understanding that that is the kind of use that it is to have, and for that reason I would be interested in hearing from either Mr. Hind or Mr. Arthur?

**Mr. Hind:** Mr. Chairman, Clause 37 on page 96 is not new. In substance it is present in the Customs Act as Section 40A (7) (c). The new clause will work in almost exactly the same fashion as the existing clause.

This is not a responsibility that rests only on the shoulders of a Minister. If you will read Clause 37 you will note that the Minister recommends to the Governor in Council that certain action be taken. Therefore, it is a decision that is taken by government.

The counterpart of this Clause, namely, 40A (7) (c) of the Customs Act, has been used in a number of instances over the past few years. This has been said at previous meetings. It has been used most recently in connection with the valuation of corn. It has also been used in the valuation of potatoes, of frozen peas, fresh and frozen strawberries, garments from a cow, and so on.

We have been operating under a piece of legislation of this kind in the past, and I would think that we will not be faced with any more difficulties in the future than we have been faced with in the past. There is one difference, and this is why a change is being made. Under the existing legislation the penalty is in the form of anti-dumping duty. Under the proposed legislation it will take the form of a tax rather than an anti-dumping duty.

**Mr. Danson:** What are garments from a cow?

**The Chairman:** I understand Mr. Houston would like to make comments on Mr. Hind's remarks.

**Mr. Houston:** Thank you, Mr. Hind. Mr. Chairman, again I will go back. I realize that this is covered in the present legislation but

[Interpretation]

une protection qui n'existerait pas autrement et qui est nécessaire pour que de nombreuses industries continuent à exister et pour la protection du consommateur.

**M. Howard (Okanagan-Boundary):** Cela me semble utile, mais il faut que nous comprenions bien quelle doit être son utilisation. C'est pourquoi je voudrais que M. Hind ou M. Arthur nous donne son avis.

**M. Hind:** Monsieur le président, l'article 37 de la page 96 n'est pas nouveau. En fait, il figure à l'article 40(a)(7)(c) de la loi sur les douanes. La nouvelle disposition fonctionnera exactement de la même façon que l'article actuel.

Ce n'est pas une responsabilité uniquement du ministre. Si vous lisez l'article 37, vous remarquerez que le ministre recommande au gouverneur en conseil que certaines mesures soient prises. En conséquence, c'est une décision qui est prise par le gouvernement.

La contrepartie de cette disposition 40(a)(7)(c) de la loi sur les douanes a été utilisée à plusieurs reprises au cours des dernières années. Cela a été déjà dit à des réunions antérieures. Il a été utilisé très récemment en rapport avec l'évaluation du maïs. Il a été utilisé pour l'évaluation des pommes de terre, des pois congelés, des framboises congelées et fraîches, des vêtements en peaux de vaches, etc.

Par le passé nous avons administré une mesure législative de ce genre et je pense que nous n'aurons pas davantage de difficultés à l'avenir que nous n'en avons eu par le passé. Il y a une différence et c'est pourquoi un changement est proposé. En vertu de la Loi actuelle, la pénalité est imposée sous forme de droits antidumping, en vertu de la mesure proposée, elle prendra la forme d'une taxe et non d'un droit antidumping.

**M. Danson:** Que voulez-vous dire lorsque vous parlez d'articles provenant de la vache? Il s'agit de pièces d'automobiles, semble-t-il.

**Le président:** Je crois que M. Houston veut faire des commentaires sur ce que M. Hind a dit.

**M. Houston:** Merci M. Hind. Monsieur le président, encore une fois, je voudrais revenir sur la question. Je me rends compte que

[Texte]

as you have explained, it could go from the Minister to the government.

The next place would be the Cabinet, and I suggest that these are men who are vastly overworked now and who have to be experts in many, many, different fields. This is why I wonder whether or not the most careful consideration should not be given to some federal body that deals with matters of this nature every day, such as your Fair Practices, Tariff Board and so on, where matters of this nature, if necessary, could be sent from the Minister before they go to the Cabinet.

**Mr. Arthur:** Mr. Chairman, the decisions that are taken under Section 37 bear the judgment of a number of departments and this does require action by the Governor in Council which is, in fact, ministers or the Cabinet, and these are the people responsible for fiscal matters. I am not quite certain here what you are suggesting. Is it that there be another body as well to consider this?

**Mr. Houston:** If a matter comes up which has to go to the Tariff Board, let us say, it could go from the Minister to the Tariff Board. Am I correct?

**Mr. Arthur:** I think, Mr. Chairman, that the decisions under Section 37, or under the section that is now in the Customs Act for purposes of placing values of the kind that we are discussing here on imported goods, are not matters which can be referred to the Tariff Board.

**Mr. Houston:** I am saying that this is one board such as I suggest could be set up, where large, contentious items could be forwarded rather than going directly to the Cabinet.

This is getting rather complicated, but the main object in bringing this up was to ensure that not too much power is left in the hands of one deputy minister or one minister, because again I say that it could place both gentlemen in a very invidious position.

• 2045

**The Chairman:** Mr. Howard.

**Mr. Howard (Okanagan Boundary):** I have heard it suggested that sometimes in our trade practices and in the practices of other

[Interprétation]

cela était prévu dans l'ancienne mesure législative qui est toujours en vigueur d'ailleurs. Mais, comme vous l'avez dit, cela peut aller du ministre au gouvernement.

Maintenant, l'étape suivante serait le Cabinet. Il s'agit d'hommes qui sont déjà surmenés, qui doivent être des experts dans de très nombreuses disciplines. C'est pourquoi je me demande si on ne devrait pas étudier très sérieusement la possibilité de créer un organisme fédéral qui réglerait ces questions quotidiennement comme, par exemple, la Commission des tarifs, la Commission des pratiques commerciales équitables et ainsi de suite. Alors ce genre de questions pourraient être référées à cet organisme par le ministre avant d'être étudiées par le Cabinet.

**M. Arthur:** Monsieur le président, les décisions qui sont prises dans l'application de l'article 37 sont le résultat de décisions d'un certain nombre de ministères et exigent que le gouverneur en conseil se prononce. En fait, ce sont les ministres ou le Cabinet qui décident puisqu'ils sont responsables des questions financières. Je ne comprends pas très bien votre suggestion. Est-ce que vous envisagez la création d'un nouvel organisme?

**M. Houston:** Si une question doit être soumise à la Commission des tarifs, par exemple, elle pourrait être renvoyée par le ministre à la Commission des tarifs. Est-ce exact?

**M. Arthur:** Monsieur le président, je crois que les décisions prises sous l'empire de l'article 37 ou en vertu de l'article qui fait maintenant partie de la loi des douanes et qui permet d'évaluer les produits importés du genre dont il est question ici, ne sont pas des questions qui peuvent être renvoyées à la Commission des tarifs.

**M. Houston:** Je dis que le genre de commission dont je propose la création pourrait être semblable à la Commission des tarifs. Elle pourrait étudier des questions litigieuses ou importantes sans qu'il soit nécessaire de les envoyer directement au Cabinet.

Mais l'objectif principal visé,—nous arrivons à une situation très complexe,—en fait, la raison principale pour laquelle nous proposons cela c'est pour s'assurer que l'on ne donne pas trop de pouvoir à un sous-ministre ou à un ministre car je le répète, cela pourrait mettre ces deux messieurs dans une situation extrêmement délicate.

**Le président:** Monsieur Howard.

**M. Howard (Okanagan Boundary):** La deuxième question que je voudrais poser est celle-ci. Parfois dans nos pratiques commerciales



[Text]

countries we use quite legal methods of slowing up or impeding trade, excessive red tape, perhaps, sometimes in relation to our Japanese trade quotas. I would like your comments on this. I would like to know what you think about the quota situation and also if you have experienced any of these problems of barriers put up which are not necessarily illegal but which might be an excessive application of red tape.

**Mr. Houston:** Perhaps this is a bit outside anti-dumping. However, I am very glad the question has arisen. My feeling on quotas, and I am speaking of Japan only, is that much too often Japan is grouped with small countries such as Taiwan, Hong Kong, the Philippines, etc. I suggest they have a nation of a hundred million people.

So often the phrase "cheap labour" has been raised in connection with Japan.

These figures do not come from me at all. The Honourable J. V. Clyne spoke to a meeting in Toronto not very long ago. I happen to have seen him in Vancouver on my way through to Japan a couple of months ago, and he and his staff had gone to a great deal of trouble to compare the wages of shipyard workers in the United Kingdom and Japan.

Taking everything into consideration—and this is a statement which could be checked in his speech given in Toronto—they are practically identical.

In the motor industry, the wages of the Australian motor industry and the wages at the Toyota factory in Japan, when I was there, were almost identical.

In 1967 we shipped \$574 million worth of goods to Japan and received about \$306 million in return, which is close to a billion dollars. You have heard over and over again that Japan is our third largest trading partner; yet time and again, unfortunately, this country has been used as a whipping boy.

The Japanese have a tremendous amount of pride and I will only say this, as I said when I returned from this last trip, which was reported by the Canadian Press: that the most serious consideration should be given at this stage by the government as to whether or not any useful purpose is being served by having quotas, so-called voluntary quotas, with a nation of 100 million people.

[Interpretation]

ou dans celles d'autres pays, nous employons des méthodes parfaitement légales pour ralentir ou bloquer le commerce. Il y aurait trop de formalités administratives, par exemple relativement aux contingentements dans notre commerce avec le Japon. Je voudrais savoir ce que vous pensez de la situation en général et du système de contingentement? Et je voudrais vous demander si vous avez eu ce genre de difficultés et s'il y a des barrières qui ne sont pas nécessairement juridiques, mais qui pourraient être en fait trop de tracasseries administratives.

**M. Houston:** Cela dépasse peut-être un petit peu le cadre de l'antidumping. Mais je suis très content malgré tout qu'on m'ait posé cette question. En ce qui concerne les contingentements,—et je ne parle ici que du Japon—je crois que beaucoup trop souvent, le Japon est considéré comme d'autres petits pays, comme Tai-Wan, Hong-Kong, les Philippines, etc... Mais, il faut réaliser qu'il s'agit d'une nation de 100 millions d'habitants.

On parle très souvent d'une main-d'œuvre très bon marché en ce qui concerne le Japon.

Ces chiffres ne viennent pas de moi. L'honorable J. V. Clyne a fait une conférence à Toronto assez récemment et je l'ai rencontré à Vancouver au moment où nous partions pour le Japon, il y a quelques mois. Son personnel et lui ont accompli un travail considérable pour comparer les salaires des ouvriers des chantiers navals en Grande-Bretagne et au Japon.

En tenant compte de tous les facteurs, les salaires sont comparables comme vous pourrez le vérifier en consultant le texte du discours qu'il a prononcé à Toronto.

En ce qui concerne les travailleurs de l'automobile, lors de mon passage à l'usine de Toyota, au Japon, j'ai constaté que les salaires des ouvriers japonais sont à peu près identiques.

Maintenant, du moins tel fut le cas en 1967, nous exportons \$514 millions de marchandises au Japon et nous en importons pour une valeur de \$306 millions. C'est un de nos plus grands partenaires commerciaux comme on nous le répète. Et pourtant, on le considère très souvent comme une tête de turc. Les japonais sont très fiers et je n'ai qu'une chose à dire: Comme je l'ai dit à la Presse canadienne au retour de mon dernier voyage je crois que le gouvernement étudie très sérieusement le bien-fondé de cette politique de soi-disant contingentements volontaires dans nos rapports avec une nation de 100 millions d'habitants.



[Texte]

As German economists and commercial people have suggested that by the year 2000 Japan could have a standard of living second to that of the United States. I just wonder whether our thinking is forward enough.

**Mr. Howard (Okanagan Boundary):** Have we had any special problems with Japan in relation to dumping in comparison with other countries such as the United States or Germany or any of the other countries of the world?

• 2050

**Mr. Wasteney:** Mr. Chairman, I believe that it is a well-known circumstance that our principal trading partner is the United States, and for this reason on a statistical basis the principal case of the institution of dumping duty I would imagine has been to imports from the United States.

Nobody knows, because these things are apparently handled in confidence between the Department and the people concerned, but I would imagine that the instances of dumping with respect to imports from Japan are considerably less than from imports from the United States.

**Mr. Howard (Okanagan Boundary):** Thank you, very much.

**Mr. Danson:** Mr. Chairman?

**The Chairman:** Are you asking a supplementary, Mr. Danson, or are you actually asking a question?

**Mr. Danson:** Actually I am making a comment. The brief states they do not believe that dumping is applied to any greater extent to Japan than to any other countries.

I sense a concern here which perhaps is not evident—and perhaps this is the oriental mind, Colonel Houston—at these Committee meetings over the past while that the concern is really not with anti-dumping, but with low-cost imports and reading the brief frankly, other than your concern about the discretionary powers of the Deputy Minister particularly, I do not sense any real concern about the legislation except that it may be confused with normal trade practices where we are frankly dealing, I think, with high-quality imports in many cases which just come in at a much lower rate.

You say it is just not necessarily due to lower wage rates but to a very high degree of efficiency, and I think it is necessary for us

[Interprétation]

Des économistes allemands ou des commerçants ont dit que d'ici l'an 2000, le Japon aurait un niveau de vie qui viendrait au deuxième rang, après celui des États-Unis. Et, je me demande si nous ne devrions pas nous soucier davantage de l'avenir.

**M. Howard (Okanagan Boundary):** Est-ce que nous avons eu des difficultés particulières avec le Japon en ce qui concerne le dumping par rapport à d'autres pays, les États-Unis par exemple, l'Allemagne ou d'autres pays?

**M. Geoffroy Wasteney (Président, Wasteney & Evans Consultants Limited):** Monsieur le président, je crois que les États-Unis sont notre principal partenaire commercial. C'est pourquoi nos statistiques démontrent que les droits de dumping ont été essentiellement appliqués aux États-Unis.

Personne ne le sait, car ces choses sont réglées secrètement entre le ministère et les intéressés. Cependant, je pense que les cas de dumping, en ce qui concerne les importations du Japon, sont inférieurs à ceux appliqués aux marchandises en provenance des États-Unis.

**M. Howard (Okanagan-Boundary):** Merci beaucoup.

**M. Danson:** M. le Président?

**Le président:** Posez-vous une question supplémentaire, monsieur Danson?

**M. Danson:** Je fais un commentaire. D'après le mémoire, le dumping n'est pas particulier au Japon. Cette préoccupation n'est pas évidente: c'est peut-être l'esprit oriental.

J'ai eu l'impression, après les réunions du Comité, ces derniers temps, que cette inquiétude ne vient pas de l'antidumping, mais plutôt des importations à très bas prix.

Très franchement, à la lecture de ce que vous avez dit, en dehors de votre inquiétude en ce qui concerne les pouvoirs discrétionnaires du sous-ministre, je ne sens pas une inquiétude grave en rapport avec cette mesure législative, si ce n'est le fait qu'on peut la confondre avec les pratiques commerciales normales, lorsqu'il s'agit de marchandises de grande qualité qui sont vendues à un prix inférieur.

Vous dites que ce n'est pas nécessairement dû au dumping, mais plutôt à un grand rendement. Il s'agit ici d'antidumping et non pas

[Text]

here to remind ourselves from time to time that we are dealing with anti-dumping rather than low-cost imports that are not being dumped. Is it a concern of yours that these are likely to be confused?

**Mr. Houston:** Mr. Denison...

**The Chairman:** Mr. Danson.

**Mr. Danson:** The Prime Minister gets it wrong too.

**Mr. Houston:** I am sorry. If we had been concerned in detail with this document which we consider is a great step forward and, in the main, a good document, we would have outlined all the various things which you are intimating.

The concern which we have is anti-dumping primarily because this is what this Committee is for. But anti-dumping can lead you into several avenues, I suggest. We have gone through a good deal of unsettled times in Canada, I suggest, because of our anti-dumping legislation which this is endeavouring to correct.

Basically our brief, as was pointed out in the covering letter, was to try to ensure that nothing happened to interfere with the trade between Japan and Canada. Perhaps I could go into a couple of specifics, but I suggest this is not the time nor the place. We take them up with the Department of National Revenue through the respective channel when necessary.

**Mr. Danson:** Thank you, very much.

**The Chairman:** Mr. Trudel?

**Mr. Trudel:** Mr. Chairman, I would like to direct this question to Colonel Houston. I can appreciate your concern, sir, like to hear about certain inequities that you refer in your introductory letter of November 6 accompanying the brief. The third paragraph reads:

...still fails to overcome certain inequities which create hardship for the export industries of a number of Canada's trading partners, including Japan.

Would you care to be more specific on this point or do you feel that this is getting away from your brief?

• 2055

**Mr. Wasteneys:** I forget that this place is acoustically dead; normally I do not seem to find a need for reinforcement. The concern of importers with anti-dumping duty at the present time is the fact that if they are selling

[Interpretation]

d'importations à bas prix. Est-ce que c'est une de vos préoccupations? Craignez-vous qu'on se confonde?

**M. Houston:** M. Denison...

**Le président:** M. Danson.

**M. Danson:** Le premier ministre ne connaît pas mon nom non plus.

**M. Houston:** Je m'excuse. Si nous nous étions préoccupés en détail de ce document, que nous considérons comme un grand pas en avant et, dans l'ensemble, comme un excellent document, nous aurions souligné les divers points dont vous parlé ou que vous sons-entendez.

Notre inquiétude est d'abord celle de l'anti-dumping, car c'est la question dont s'occupe le Comité. Mais l'antidumping peut vous amener dans diverses voies à mon avis. Nous avons eu de grosses difficultés au Canada en raison de nos mesures législatives sur l'anti-dumping, que la présente tente de rectifier.

Notre mémoire, comme je le dis dans la lettre jointe, avait pour but de s'assurer que rien ne se produirait pour perturber le commerce entre le Canada et le Japon. Je pourrais vous donner certains cas particuliers, mais je pense que ce n'est ni le temps, ni le lieu. Nous le faisons avec le ministère du Revenu national par les voies normales, lorsque c'est nécessaire.

**M. Danson:** Merci beaucoup.

**Le président:** M. Trudel.

**M. Trudel:** Monsieur le président, je voudrais poser la question à monsieur Houston. Je peux comprendre votre inquiétude, monsieur. Si vous le voulez, je voudrais connaître certaines injustices dont vous parlez dans votre lettre du 6 novembre, qui accompagnait le mémoire. Je lis le troisième paragraphe:

...n'effacent pas néanmoins certaines injustices qui créent des difficultés pour des industries d'exportation d'un grand nombre de partenaires commerciaux du Canada, y compris le Japon.

Pourriez-vous nous donner plus de détails? Pensez-vous que cela ne concerne pas directement votre mémoire?

**M. Wasteneys:** J'oublie que cet endroit est insonorisé. En fait, ce qui inquiète les importateurs c'est qu'à l'heure actuelle, leur niveau commercial est différent. S'ils vendent à un grossiste au Canada et si les ventes dans leur



*[Texte]*

to a wholesaler, shall we say in Canada, whereas their only sales in their own country are at a retail level, a less advanced level, they are penalized in this sense because the fair market value on which the duty and the difference between fair market value and sale price would determine dumping duty, these are based upon the actual sale at arms-length to the first customer who is distinctly different from themselves.

We are naturally glad to see that consideration has been given in the new legislation to provide that in establishing normal value, deductions may be made to take into account more of these allowances that might be made and coming closer to the actual allowance, shall we say, taking everything into account.

If you sell in Canada the distribution costs are very high. Your customer has to look after much greater costs than he would in his own country.

We are not certain that the new legislation will provide a complete equality in this respect, but we are grateful to see that it is moving in that direction.

**Mr. Trudel:** Thank you, Mr. Chairman.

**The Chairman:** Mr. Lambert?

**Mr. Lambert:** Mr. Chairman, I was rather interested in Colonel Houston's remarks with regard to the responsibility placed upon the Deputy Minister and the Minister. I would point out that most of the witnesses that have appeared before us to date have been primarily concerned with what they would call the elaborate machinery and the time taken, and to that extent that there would be a fairly high incidence of what they called "one free dump".

I think perhaps in arriving at your consideration that perhaps the full import of clause 13 may have escaped you in that not only is there the question of the value of the goods but there must be injury, and the industry is not the responsibility of the Deputy Minister or the Minister but that of the Appeal Tribunal. The two factors must exist.

Concerning the Appeal Tribunal, I think some of us may have some qualms about the time it may take to arrive at a decision and, therefore, that the industry in Canada might be unduly penalized.

I think perhaps it is quite natural to find this different point of view. The people we have been talking to up to the present time have been primarily Canadian producers,

*[Interprétation]*

pays ne sont qu'au détail, ils sont pénalisés, parce que la valeur du marché auquel s'applique le droit et la différence entre la valeur du marché et le prix de vente, déterminent les droits de dumping. Tout cela est basé sur la vente au client étranger qui est différent d'eux-mêmes.

Nous sommes donc heureux de constater que l'on a tenu compte, dans la nouvelle mesure législative, du fait que lorsqu'on établit la valeur normale, des déductions peuvent être prévues pour tenir compte d'avantage de ces dégrèvements.

Au Canada, le coût de distribution est très élevé. Votre client aura des frais beaucoup plus élevés que dans son propre pays.

Nous ne sommes pas certains que la nouvelle législation assurera une égalité complète à cet égard. Mais nous sommes heureux de constater que l'on va dans ce sens.

**M. Trudel:** Merci, monsieur le président.

**Le président:** Monsieur Lambert.

**M. Lambert (Edmonton-Ouest):** Monsieur le président, M. Houston a parlé de la responsabilité du ministre et du sous-ministre. Je ferai remarquer que la plupart des témoins qui ont comparu, s'inquiétaient surtout du lourd dispositif, du temps et des conséquences de ce qu'ils ont appelé «premier envoi de dumping».

Mais je pense que l'importance de l'article 13 vous a échappé.

Il ne s'agit pas seulement de la valeur des marchandises, mais il doit y avoir des préjudices. Ces préjudices ne sont pas la responsabilité du ministre ou du sous-ministre, mais bien celle du tribunal d'appel. Les deux facteurs doivent être présents. Certains craignent qu'on prenne beaucoup de temps avant d'arriver à une décision. C'est pourquoi l'industrie canadienne pourrait être pénalisée de façon injuste.

Il est assez naturel d'avoir des différents points de vue. Nous n'avons parlé essentiellement qu'à des producteurs canadiens, alors que vous représentez en fait les importateurs.



[Text]

whereas you really represent importers, I would just make that comment.

I am concerned about, shall we say, over-extensive machinery. I will admit that one does not like to see any particular type of consideration come in where, shall we say, undue pressure from one sort or another, some of the qualms that I expressed at the time last year when we were setting up the Machinery Board and the references higher up that there was a possibility of particular circumstances, particular pressures that might be applied for a decision.

**The Chairman:** Would you care to comment, Colonel Houston?

**Mr. Houston:** Thank you very much, Mr. Chairman. Before I answer your question, Mr. Lambert I would like to correct one impression. In the last six months perhaps I have spent 70 per cent of my time on exports to Japan. I spent a full day with our Wheat Board in Winnipeg with Mr. McNamara on the full Board, then with the Grain Commissioners the next day just finding out what our wheat sales are. Our barley sales have been falling off, as you no doubt know coming from this part of Canada. In the first 15-year coal deal which was signed I was called in by the Coleman collieries.

I visited and discussed with five of our Cabinet Ministers, including Mr. Winters and Mr. Pickersgill who was then Minister of Transport. On the export of honey to Japan I spent one day when I was in before people from down near Toronto so before I took this job there was no doubt in anyone's mind that it had to be a two-way street, otherwise it would never work.

I believe in our council. We now have 320 Canadian members which represent all the principal banks, corporations, mining and what have you and about 40 Japanese members, so that is the composition of the council. This includes Stelco and many of the people who perhaps will appear before the board.

To look at your comment, and your question, before you came in my concern was, and I likened perhaps the main body, I said you could not distinguish in this day and age between economics and politics. I say this with the utmost sincerity.

I have learned in the five years that I have been in this job that a good deal of the economic mistakes overflow into the political side and cause a tremendous amount of trouble. My only concern is that if you have some legislation which is going to run into millions of dollars in trade between countries and the legislation is not good, if you do not have some body, very high-up men—and I likened

[Interpretation]

Je m'inquiète également de ce lourd dispositif. Évidemment, on n'aime pas voir des considérations particulières ou des pressions faites d'un côté ou d'un autre. L'an dernier, lorsqu'on établissait le «Machinery Board», on a dit qu'il y avait des possibilités de pressions particulières qui pouvaient être appliquées.

**Le président:** Voulez-vous faire des commentaires, M. Houston?

**M. Houston:** Merci beaucoup, monsieur le président. Avant que je ne réponde à votre question, j'aimerais rectifier une impression que vous avez laissée. Au cours des six derniers mois, j'ai passé peut-être 70 p. 100 de mon temps aux exportations au Japon. J'ai passé une journée avec la Commission canadienne du blé à Winnipeg avec M. McNamara, puis, le lendemain, avec la Commission des grains, pour savoir quel était le résultat de nos ventes de blé et d'orge notamment, lors du premier accord qui a été signé.

J'ai visité cinq ministres du Cabinet, y compris M. Winters, M. Pickersgill, lorsqu'il était ministre des Transports. Pour l'exportation du miel vers le Japon, j'ai passé une journée à Toronto, à discuter de cela. Avant d'assumer ce travail, personne ne doutait qu'il s'agissait d'un commerce à deux sens, autrement, cela ne donnerait aucun résultat.

Dans notre conseil, nous avons maintenant 320 membres canadiens qui représentent les principales banques, sociétés, mines, sociétés d'exploitations minières, etc., et environ 40 Japonais; telle est la composition du conseil. Cela comprend Stelco et bien d'autres compagnies qui paraîtront devant la commission.

Pour revenir à votre question ou à votre commentaire, avant votre arrivée, j'ai dit qu'on ne pouvait distinguer à notre époque entre l'économie et la politique. Je le dis en toute sincérité.

J'ai appris, depuis cinq ans que je m'occupe de ce travail, beaucoup de choses au sujet des rouages économiques, à savoir que ces rouages économiques débordent souvent sur la scène politique. Tout ce qui me préoccupe, c'est que, si vous avez des mesures législatives légiférant sur des transactions de l'ordre de millions de dollars entre les pays, et qu'elles ne sont pas bonnes, à moins d'a-

[Texte]

it to the Supreme Court of Canada—then you can get into a tremendous amount of trouble.

I do not think there is anything worse than red tape. Having spent 30 years in the regular army, believe you me, as you well know I have had plenty of it.

However, again I said that the onus which is being placed on this Committee to come up with the best recommendations—and I merely put the idea forward and Mr. Hind and Mr. Arthur can correct me in this, but perhaps as much as 80 or 90 per cent of the matters which flow through National Revenue could be dealt with by the Deputy Minister and the Minister and the people in National Revenue.

That may be a bit high; I do not know. It may be 70 per cent but something of that nature.

Then if you had your Tribunal of tip-flight civil servants which is suggested for perhaps the next 10 per cent, but the big 10 per cent, or 5 per cent, or whatever it might be at the top, this is where your difficulties really come in between countries.

I am only making a plea that when the decision is made that it is done with the utmost consideration. That is all, Mr. Chairman. Thank you.

**Mr. Gillespie:** Mr. Chairman, I just wanted to say that I was impressed by the figures Colonel Houston mentioned and the faith that he expressed in the two-way trade between the two countries instant to his own association with the council. I would just like him to confirm for me that I have interpreted him correctly when I believe it is his point of view that this new act is an improvement over the existing legislation and that he would hope it would help to facilitate even greater trade between our two countries.

**Mr. Houston:** Thank you, Mr. Gillespie. That is exactly what I tried to say.

**The Chairman:** Mr. Arthur?

• 2105

**Mr. Arthur:** Mr. Chairman, I am not certain that Colonel Houston is clear on the process or procedure that is in this bill. First of all the Deputy Minister must make a determination that there has been dumping and, in fact, that that dumping may cause injury. It then goes to the Tribunal and the Tribunal is charged with the responsibility of determining injury. After the Tribunal has made its order or finding the Deputy Minister of National Revenue then determines the margin

[Interprétation]

voir un organisme, et j'ai à l'esprit la Cour Suprême du Canada, vous pouvez alors avoir beaucoup de difficultés. Il n'y a rien de plus mauvais que la bureaucratie. Ayant passé 20 ans dans l'Armée régulière, je sais qu'il n'y a rien de pire que les tracasseries administratives, et Dieu sait si j'en ai souffert.

Encore une fois, j'ai dit que la charge qu'on impose à ce Comité, notamment celle de présenter les meilleures recommandations possibles est trop lourde. M. Hind et M. Arthur pourront me corriger si je me trompe, mais peut-être que 80 ou 90 p. 100 des questions qui sont étudiées par le ministère du Revenu national pourraient l'être par le sous-ministre, le ministre et les fonctionnaires au sein du ministère, ce pourrait être 70 p. 100.

Puis, si vous aviez votre tribunal de hauts fonctionnaires qui prendrait les décisions dans 10 p. 100 des autres cas, car vos difficultés proviennent de la couche supérieure du 10 p. 100 ou du 5 p. 100.

Lorsque les décisions seront arrêtées, je souhaite qu'elles le soient en leur accordant la plus grande attention. C'est tout, monsieur le président, je vous remercie.

**M. Gillespie:** Monsieur le président, je voudrais simplement dire que j'ai été impressionné par les chiffres que vient de mentionner le colonel Houston et par la confiance qu'il a exprimée envers le commerce à deux sens, entre les deux pays, à titre de représentant du conseil.

J'aimerais simplement qu'il confirme que je l'ai bien interprété, que j'ai bien compris son point de vue, savoir que cette loi est une amélioration sur la loi existante et qu'elle aidera éventuellement à favoriser le commerce entre nos deux pays.

**M. Houston:** Je vous remercie, monsieur Gillespie. C'est précisément ce que je voulais dire.

**Le président:** Oui, monsieur Arthur?

**M. Arthur:** Monsieur le président, j'ignore si le colonel Houston comprend bien le processus ou le procédé que ce bill établit. Tout d'abord, le sous-ministre doit déterminer qu'il y a eu dumping et, si tel est le cas, l'affaire est renvoyée au tribunal; celui-ci doit déterminer le sérieux des torts. Quand le tribunal a édicté son ordonnance ou ses conclusions, le sous-ministre du Revenu national détermine ensuite la marge des droits imposables.



[Text]

of dumping. Now, in your brief on page 2 you say:

...will rest entirely upon the opinion of the Deputy Minister rather than upon factual evidence...

I think here that the assessment of the margin of dumping is based on factual evidence and if the importer feels aggrieved under clause 19 and onward from there in the proposed draft bill on matters of fact the dumping assessed can be appealed to the Tariff Board and on matters of law to the Exchequer Court. So an appeal procedure is provided for if that is the concern that is being expressed here, that it may be based on an opinion rather than factual evidence.

If there is any question that the importer does not feel the Deputy Minister has indeed assessed the appropriate amount of duty based on all of the facts, then there is an avenue of appeal and on the matter of law to the Exchequer Court.

**Mr. Housion:** Mr. Arthur, I wanted to avoid specifics, but now I will give you a specific, the television which has been in the papers, in lots of the papers. On June 28, if my figures serve me correctly, a letter went out from National Revenue signed by a person—I suppose he was an assistant director or something, I do not know what his exact status was. If you remember, originally the Kennedy Round suggested that July 1, or this was the agreement when the legislation would be put into effect.

Now, you suggested that I have not looked at it very carefully. I am being touched on the arm by my consultant here.

But I would hate to tell you the hours which I spend in looking and studying the whole process. I would also suggest to you that some of the people, some of the high-ups on this side of the water and on the other side of the water, said that they found it the most complicated situation that they had ever come across, because things and terms in Japan are not the same as Canadian terms.

Now, this is one of the inequities that we are trying to avoid. For the record, I have written a letter to the Minister of Finance some time ago with copies to other ministers. This caused a tremendous amount of trouble and it is still going on as to what is the equitable thing to be settled between the Japanese exporters and the Canadian importers.

[Interpretation]

Dans votre mémoire, à la page 2, vous dites:

... repose entièrement sur l'avis du sous-ministre plutôt que sur les preuves de fait...

Je crois ici que l'évaluation de la marge est fondée sur des données de faits et, si l'importateur sent qu'on l'a visé aux termes de l'article 19 dans le projet de Loi, pour des questions de fait, l'évaluation du dumping peut faire l'objet d'un appel et, question de droit, on peut s'adresser à la Cour de l'Échiquier. De sorte qu'il y a une procédure d'appel qui est prévue et si quelque inquiétude subsiste, ceci, peut être fondé sur des opinions plutôt que sur des faits.

Si l'on craint que l'importateur n'estime pas que le sous-ministre a bien évalué le degré pertinent des droits, il y a une possibilité d'appel et, à la longue, on peut s'en référer à la Cour de l'Échiquier.

**M. Housion:** Monsieur Arthur, je voulais éviter les détails des cas particuliers, mais je veux vous en donner un. Le 28 juin, et la télévision et les journaux en ont fait état, le ministère du Revenu national a envoyé une lettre qui portait la signature d'un directeur adjoint de quelque service, j'ignore quel est son titre exact. Le 28 juin, dis-je, si j'ai bonne mémoire, on avait suggéré aux négociations Kennedy que le 1<sup>er</sup> juillet soit la date de l'entrée en vigueur de la Loi.

Vous dites que je n'ai pas étudié cela très soigneusement. Mon conseiller me touche le bras en ce moment, mais je ne voudrais pas vous dire le nombre d'heures que j'ai passées à étudier tout le processus.

Mais j'aimerais aussi vous signaler que certains des représentants les plus autorisés, de ce côté-ci de l'Océan comme de l'autre, estimaient que c'était la situation la plus compliquée qu'ils aient jamais vue, car la situation au Japon n'est pas la même qu'au Canada. Voilà une des injustices que nous essayons de réparer.

J'ai envoyé une lettre à ce sujet au ministre des Finances, il y a quelque temps, et j'en ai fait parvenir des copies à d'autres ministres. Cela a causé beaucoup de difficultés et on se demande encore quelle serait la formule juste envers les exportateurs japonais, d'une part, les importateurs canadiens, d'une part.



## [Texte]

Sometimes it is the Canadian importers who raise the greatest cry. I have also been to the Minister of Consumer Affairs because sometimes the Canadian consumer is affected as well.

All I am suggesting, once again, is that any inequity which can be overcome between two large countries, two good trading partners, everything should be done in a legislative manner to do it. If there are inequities between oriental countries especially and our own there are perhaps different ways of doing business. This is what I was suggesting and this is why I said I did not want to get into specifics.

• 2110

**Mr. Arthur:** Mr. Chairman, I am aware of the case to which Colonel Houston refers and I think he would agree that the basis on which the evaluation was determined was in accordance with the law. It is the law of Canada and that is the law until it is replaced by this piece of legislation that applies to import from all countries.

Mr. Chairman, I am still endeavouring to come to grips with those inequities to which Colonel Houston referred. I have endeavoured to look through the Regulations. I think that we have said to this Committee on more than one occasion that with regard to the price comparability required under the Code we believe we have met all the requirements either under Section 9 or in the Regulations relating to that particular Section.

**Mr. Houston:** I think I have gone as far as I wish to go, Mr. Chairman.

**The Chairman:** Have you any comments, Mr. Wasteneys?

**Mr. Wasteneys:** Mr. Chairman, I think I can say what was in our minds. Maybe we are too concerned.

In Regulation 8(b) for example it states:

8(b) where the information referred to in paragraph (a) is not available, ...

That is, information on the discount that is freely available on sales by other vendors in the country of export of like goods.

... not exceeding such amount as in the opinion of the Deputy Minister represents the cost incurred by the exporter in respect of sales for home consumption for carrying out the functions normally per-

## [Interprétation]

Parfois, ce sont les importateurs canadiens qui jettent les hauts cris. Je me suis aussi adressé au ministre de la Consommation et des Corporations, car il arrive que le consommateur canadien soit aussi en cause.

Tout ce que je dis, encore une fois, c'est que tout devrait être mis en œuvre afin que toute injustice qui peut être éliminée entre deux grands pays, deux bons partenaires commerciaux, le soit et ce, au moyen de mesures législatives.

S'il y en a entre les pays orientaux, particulièrement, et le nôtre, c'est qu'il y a plusieurs façons de faire affaires. C'est ce que je voulais dire et c'est pourquoi, comme je l'ai mentionné, je ne voulais pas entrer dans les détails.

**M. Arthur:** Monsieur le président, je suis au courant du cas dont parle M. Houston. Je crois qu'il reconnaîtra avec moi que la formule d'évaluation était déterminée en conformité avec la Loi du Canada. Cette loi restera en vigueur jusqu'à ce qu'elle soit remplacée par cette mesure-ci, qui s'appliquera aux importations de tous les pays.

Monsieur le président, j'essaie encore de comprendre quelles sont les iniquités dont on a parlé M. Houston. J'ai essayé de jeter un coup d'œil au règlement. Nous avons dit au Comité, à plus d'une occasion, que le projet de loi respecte les exigences des Accords internationaux en ce qui a trait à la comparabilité des prix, soit en vertu de l'article 9, soit en vertu des règlements qui ont trait à cet article.

**M. Houston:** C'est tout, monsieur le président. Merci.

**Le président:** Y a-t-il d'autres commentaires?

**M. Wasteneys:** Monsieur le président, voici quelques observations au sujet de nos intentions.

Dans le règlement 8B, par exemple, il est écrit:

... lorsque les renseignements mentionnés dans l'alinéa (a) ne sont pas disponibles, ...

à savoir:

... renseignements au sujet des rabais consentis dans le pays d'exportation, sur des ventes de marchandises similaires, rabais n'excédant pas le montant permis par la loi future, et présentant, de l'avis

## [Text]

formed at the trade level of the importer...  
with some further provisos.

I believe we were thinking of circumstances such as where it is stated "in the opinion of the Deputy Minister". The Deputy Minister of course is dependent upon the information that will be brought to him from representatives of his Department in Japan, if it were a case of Japan.

I think we were concerned where it says "in the opinion of the Deputy Minister" rather than as might be provided by no factual evidence.

Possibly our concern was too much.

I think this is the basic inequity, if you like, that has existed in Canadian customs procedure—that of not recognizing the difference in trade levels. We do appreciate that this problem is approached in this new legislation, and we hope it will be satisfactory.

But it is still because of these differences that misunderstandings and completely different patterns of trade develop. It is because of the extraordinarily different arrangements that take place in a country such as Japan that a whole gamut of discounts and allowances comes into play and the price that appears to be the price is not a factual price at all.

It does cause us concern that the Deputy Minister might make up his own opinion rather than basing it on factual information.

## ● 2115

There is one thing I want to say which refers to something Mr. Lambert said about injury.

Of course we are well aware that the new decision as to whether a penalty is to be applied relates to whether injury has occurred to Canadian industry. We appreciate very much that this is a very important consideration. Statements have been made by other people before this Committee on the view Canadian industry would hold on what constituted injury.

In this case we are talking not on behalf of the importers but on behalf of people trading back and forth between Canada and Japan and exporting more than they import.

We think that the injury should be determined by the Tribunal on some basis that shows that it is a real injury, a real harm to the Canadian industry and not simply because

## [Interpretation]

du sous-ministre, le coût de déplacement du marché ailleurs que dans la consommation nationale.

Nous songions aussi à des dispositions impliquant «l'opinion du sous-ministre». Bien entendu, le sous-ministre se fonde sur les renseignements que lui présentent ses attachés commerciaux.

Nous sommes inquiets qu'on dise: «l'opinion du sous-ministre» plutôt que, comme on devrait le voir, «d'après les faits» ou «d'après les données».

Peut-être cette inquiétude n'est-elle pas fondée? Je crois que c'était l'une des injustices fondamentales de nos procédures habituelles, que de ne pas reconnaître les différences de niveau. Nous sommes heureux que le problème soit abordé au moins dans les nouvelles mesures législatives et nous espérons que la solution sera satisfaisante.

Mais c'est encore en raison des différences, des malentendus et des modes de commerce et de transactions d'un genre tout à fait différent et de toute une gamme de rabais et d'octrois que le prix déclaré n'est pas du tout le prix réel.

Nous croyons que le sous-ministre sera tenté de se faire une opinion lui-même plutôt que de fonder son opinion sur des renseignements de faits.

A propos des observations de M. Lambert, au sujet des torts susceptibles d'être causés, nous savons fort bien que la nouvelle loi prévoit une sanction si des torts ont été commis à l'industrie canadienne.

Nous savons qu'il s'agit là d'une considération très importante. D'autres ont fait des déclarations, voulant que l'industrie canadienne définisse ce qui lui nuit.

Dans ce cas-ci nous ne parlons pas tellement des importateurs, mais des gens qui font du commerce dans les deux sens, et qui exportent plus qu'ils n'importent.

A ce moment, un tribunal devrait statuer au sujet des torts, pour qu'ils correspondent aux torts réels causés à l'industrie canadienne et non pas, simplement, à la perte d'un peu



*[Texte]*

some business has been secured by imported goods which could have been secured by Canadian goods. It would seem to us that that was not a definition of injury. There has to be some give and take.

Let us look at the textile industry for example.

From our rough calculations we have concluded that in 1967 imports of clothing goods from Japan amounted to 18 per cent of all Canadian imports of clothing, and of the combined textiles and clothing goods from all over the world roughly 14 per cent of them were from Japan. Japan is not by any means the major source of these goods.

In the same way in 1964, the last year in which there is an accurate record of the production of the Canadian clothing industry, domestic production enjoyed 95.8 per cent of the total Canadian market. We would think that the ability to absorb this degree of imports was not a source of injury to the Canadian industry.

**Mr. Houston:** Mr. Chairman, may I remark to Mr. Arthur that I agree completely with what he said.

This was the letter of the law when it was laid down by National Revenue in connection with television sets, and they were perfectly within the letter of the law.

I believe the new legislation mentions "in the opinion" or "in the opinion of the Deputy Minister" which is something different from what you have just said. Normally you have a rule as a guide but under the circumstances in which, as you point out, National Revenue acts, they act as a rule, period.

**Mr. Arthur:** Mr. Chairman, I think this particular case to which Colonel Houston refers is one which is being dealt with under the existing law and when it became evident that it was not possible for Canada to meet its obligation to introduce this legislation by July 1 its representative went to Geneva, to the GATT, explained the circumstances and undertook to introduce this legislation not later than January 1, 1969.

On that occasion the representative of Canada made it very clear to our trading partners and the other signatories to the GATT, including Japan, that it would not be able to introduce this legislation under the original timetable and at that time made it very clear that the law as it is now written would have to be applied on all imports until such time as the new legislation was put in place. That was clearly understood and accepted by the various trading partners, and

*[Interprétation]*

de sa clientèle, par suite de certaines importations qui auraient pu être remplacées éventuellement par des articles ou des marchandises canadiennes. Il nous semble que ce n'est pas là la définition d'un tort; la formule doit être donnant donnant.

Si nous jetons un coup d'œil à l'industrie textile, par exemple, nous voyons qu'en 1967 les importations de vêtement du Japon représentaient 18 p. 100 de toutes les importations canadiennes de vêtements; et 14 p. 100 des produits textiles des pays étrangers provenaient du Japon. Le Japon n'est pas notre principal fournisseur, loin de là.

De la même façon, en 1964, la dernière année pour laquelle il y ait dossier de la production de l'industrie canadienne du vêtement, la production intérieure a représenté 95.8 p. 100 du marché national. La capacité d'absorber ces importations n'a sûrement pas nui à l'industrie canadienne. Voilà.

**M. Houston:** Une dernière observation que j'adresse à M. Arthur. Je suis tout à fait d'accord avec ce que vous venez de dire.

Il s'agissait là d'un article de la Loi sur les appareils de télévision qui intéressait le ministère du Revenu national et qui fut respecté.

La nouvelle mesure législative emploie l'expression de «l'opinion du sous-ministre» ce qui est différent de ce que vous venez de dire. Normalement, un règlement est un guide, mais, dans ces circonstances que vous avez signalées pour la Loi du revenu national, il ne s'agit que d'un règlement.

**M. Arthur:** Monsieur le président, on a conclu ce marché en suivant les lois existantes, mais lorsqu'il est devenu manifeste qu'il n'était pas possible pour le Canada de faire face à ses obligations et de présenter cette mesure législative en date du 1<sup>er</sup> juillet, on a présenté cette question à Genève dans les négociations de GATT et on a entrepris de présenter cette mesure législative au plus tard le 1<sup>er</sup> janvier 1969.

A cette occasion, le représentant du Canada a bien précisé à nos partenaires commerciaux et aux autres signataires de GATT, y compris le Japon, qu'on ne pourrait pas présenter cette mesure législative selon l'horaire prévu et on a dit que la loi, dans son libellé actuel, devrait s'appliquer à toutes les importations jusqu'à ce que la nouvelle loi soit adoptée. Cela a été clairement compris et accepté par les différents partenaires commerciaux. Je ne pense pas, monsieur le président, que j'aie à ajouter quoi que ce soit là-dessus.



[Text]

I do not really think, Mr. Chairman, that I need to say any more on that.

● 2120

**Mr. Houston:** I hope, Mr. Chairman, that I have not in any way intimated in any of my statements that this was not the case. I merely said that the legislation was not put into effect on July 1. It was through no fault of Canada; it was because of the change in government, Parliament proroguing and so on. I also am very happy to repeat again that the new legislation is going to take care of a lot of the problems with which we were confronted in the past.

**The Chairman:** Gentlemen, are there any other questions to be directed to Colonel Houston or government officials?

**Mr. Trudel:** Mr. Chairman, I have just one more question, which I would like to direct to Colonel Houston.

Sir, do you have any reservations in respect of the paragraph to which I previously referred. Could you tell me whether any of this could be corrected by including certain clauses or sections of the Anti-Dumping Regulations of the United States that may have been omitted in the present suggested draft that we have before us?

**Mr. Houston:** Mr. Chairman, for the second time I will have to bow to my tariff consultant.

**Mr. Wasteneys:** Mr. Chairman, the position with regard to the United States at the present moment, as no doubt Mr. Trudel is aware, is that they did not change their Act but, rather, propose to make the whole change by regulation.

At the moment I believe there is some stay in this matter because the Senate considers that the executive should not have the power to make such a sweeping change by regulatory apparatus.

I have studied the regulations that have been produced I must be frank and say at the moment that I could not make an accurate comparison and say whether in this regard they would be any better. I think we should say, in fairness to the persons who have drafted this legislation, that it is going a long way.

**Mr. Trudel:** Thank you.

**The Chairman:** Are there any other questions, gentlemen?

[Interpretation]

**M. Houston:** J'espère, monsieur le président, que je n'ai pas, en quelque circonstance que ce soit, laissé entendre cela; ce n'était pas le cas. Je ne pense pas qu'une de mes déclarations ait pu être interprétée de cette façon. J'ai tout simplement dit que la mesure n'a pas été appliquée le 1<sup>er</sup> juillet et que ce n'était pas par la faute du Canada. C'est en raison du changement de gouvernement, de la prorogation du Parlement, etc. En outre, et je tiens à le répéter encore une fois, je suis très heureux que la nouvelle mesure législative va justement s'occuper de ces situations.

**Le président:** Y a-t-il d'autres questions qu'on aimerait poser à M. Houston ou aux fonctionnaires du gouvernement avant que nous ne levions la séance. Oui, monsieur Trudel?

**M. Trudel:** Une autre question, monsieur le président, que j'adresse au colonel Houston.

Pouvez-vous nous dire si, compte tenu des réserves et des inégalités que vous avez mentionnées précédemment, cela serait corrigé par des articles ou des paragraphes compris dans la loi relevant des règlements antidumping des États-Unis et qui auraient été omis dans la proposition de loi dont nous sommes saisis présentement.

**M. Houston:** Je vais demander à mon conseiller M. Trudel de m'éclairer pour la deuxième fois.

**M. Wasteneys:** La situation, en ce qui a trait aux États-Unis à l'heure actuelle, et sans doute M. Trudel est-il au courant de cela, on n'a pas modifié la loi, mais on a proposé d'apporter tous les changements par voie de règlement.

En ce moment, je crois que le Sénat considère que l'exécutif ne devrait pas avoir le droit d'apporter des changements aussi considérables, par voie de règlement.

J'ai examiné les règlements qui ont été édictés, mais je dois dire, pour le moment, que je ne puis pas faire de comparaison précise, c'est-à-dire si, à cet égard, ces règlements sont supérieurs aux nôtres. En toute justice, pour les personnes qui ont rédigé cette loi, je dois dire qu'on va très loin.

**M. Trudel:** Merci.

**Le président:** Merci. Y a-t-il d'autres questions, messieurs?

[Texte]

Colonel Houston and Mr. Wasteneys, thank you very much for your briefs and the comments you have given to us.

Gentlemen, our next sitting is Thursday at 9.30 a.m. in this same room. Our witnesses will be representatives of the Canadian Manufacturers' Association.

**M. Émard:** Est-ce qu'il va y en avoir d'autres à 9 h 30?

**Le président:** Je ne sais pas monsieur Émard. C'est le Comité de coordination qui décide. Je ne peux pas vous répondre présentement.

**Mr. Hales:** Mr. Chairman, what about the afternoon?

**The Chairman:** I do not know whether we will complete the Canadian Manufacturers' Association in the morning. Besides the Canadian Manufacturers Association we have for the same day the Canadian General Electric Company Limited, and Canadian Westinghouse Company Limited.

**Mr. Hales:** It is not likely we will get to them on Thursday.

**The Chairman:** I hope that you will agree to sit from 9.30 a.m. to one o'clock because we have the room for that time.

**Mr. Lambert:** Mr. Chairman, I think we also have to be practical because there are other demands on our time.

• 2125

**The Chairman:** Some other committees have sat from 9.30 a.m. until one o'clock; I am a member of one such committee.

**Mr. Burton:** Mr. Chairman, for my part, I have obligations to another committee at eleven o'clock.

**The Chairman:** I know that, Mr. Burton; I am a member of the Committee on Agriculture too.

[Interprétation]

Je tiens à vous remercier, colonel Houston et monsieur Wasteneys du mémoire que vous nous avez présenté et des commentaires que vous avez faits. Merci encore une fois.

Messieurs, la prochaine séance aura lieu jeudi, à 9 h 30 du matin, dans cette même pièce. Les témoins seront alors les représentants de l'Association des fabricants du Canada, même pièce, à 9 h. 30 du matin.

**Mr. Émard:** Will there be others at 9:30?

**Chairman:** I do not know, Mr. Émard. It is the Coordinating Committee which decides. Right now, I cannot answer you.

**M. Hales:** Monsieur le président, qu'est-ce que vous diriez de l'après-midi?

**Le président:** Je ne sais pas si nous en aurons terminé avec The Canadian Manufacturers' Association au cours de la matinée, monsieur Hales. Mais pour cette même journée, en plus de The Canadian Manufacturers' Association, nous avons the Canadian Electrical Manufacturers' Association, Canadian General Electric Company Limited et Canadian Westinghouse Company Limited.

**M. Hales:** Je ne crois pas que nous pourrions les entendre jeudi.

**Le président:** Je compte sur votre coopération pour que nous puissions siéger à partir de 9h 30 du matin à 1 heure de l'après-midi, car nous aurons l'usage de la pièce pour toute cette période.

**M. Lambert (Edmonton-Ouest):** Monsieur le président, je crois que nous devons considérer que nous avons d'autres demandes.

**Le président:** Je sais, mais d'autres Comités ont siégé de 9h 30 du matin jusqu'à 1 heure de l'après-midi; je suis membre d'un tel Comité.

**M. Burton:** Monsieur le président, pour ma part, je dois être à un autre Comité à 1 heure.

**Le président:** Je sais cela, monsieur Burton, je suis aussi un membre du Comité de l'Agriculture.

[Text]

[Interprétation]

APPENDIX R

APPENDICE R

STATEMENT

SOUMISSION

BY

PAR

Textile Workers' Union  
of America,  
15, Gervais Drive,  
Room No. 204,  
Don Mills. Ontario.

Unions des Ouvriers du Textile d'Amérique,  
15, Gervais Drive,  
Room # 204,  
Don Mills, Ontario.

Canadian Textiles Institute,  
1080 Beaver Hall Hill,  
Montreal. Quebec.

Institut canadien des Textiles,  
1080 Beaver Hall Hill,  
Montréal, Québec.

United Textile Workers  
of America,  
1031 Barton Street, East,  
Hamilton. Ontario.

Ouvriers unis des Textiles d'Amérique,  
1031 Barton Street, East,  
Hamilton, Ontario.

NOVEMBER 12, 1968

Le 12 novembre 1968

1. We welcome this opportunity to present to the Standing Committee on Finance, Trade and Economic Affairs, views on the proposed Anti-Dumping Act. This is, in our opinion, the single most important measure affecting Canadian trade, arising from the Kennedy Round. While we have a number of comments to make, we should first state that those who have drafted the new Canadian legislation should be complimented on their efforts, having regard to the intricate nature of this subject and the quite difficult conditions laid upon them by the wording of the International Code.

1. Nous sommes heureux d'avoir l'occasion de soumettre au Comité permanent des Finances, Commerce et Affaires économiques des vues sur le projet de loi antidumping. Ce projet de loi est, à notre avis, la mesure la plus importante de protection du commerce canadien à découler des négociations Kennedy. Si nous avons certains commentaires à formuler, nous tenons à déclarer d'abord que les auteurs de ce projet de nouvelle loi canadienne méritent d'être félicités de leur travail, compte tenu de la complexité du sujet et des conditions fort difficiles qui leur étaient imposées par la teneur du Code international.

GENERAL COMMENTS

2. At the outset we wish to emphasize that anti-dumping measures are not in any sense an additional or exceptional form of protection for a domestic industry. They are rather a means to correct a situation which (it is internationally accepted) "is to be con-

COMMENTAIRES GÉNÉRAUX

2. Il y a lieu de souligner dès le début que les mesures antidumping ne constituent en aucune façon une forme de protection supplémentaire ou nouvelle pour l'industrie domestique. Il s'agit plutôt d'un moyen de corriger une situation qui ne peut (selon l'opinion



## [Texte]

demned". The phrase just quoted is drawn directly from the General Agreement on Tariffs and Trade. If injurious dumping is practised and detected and a duty collected equal to the margin of dumping, this is nothing more than a corrective to discriminatory pricing practices in international trade.

3. Such practices are already prohibited by Canadian law, when carried on within Canada. Other countries have similar national legislation. Anti-dumping legislation is therefore properly to be regarded as an extension into the international field of principles expressed nationally by statutes restricting discriminatory or predatory trade practices.

4. Discussing the results of the Kennedy Round, the then Minister of Finance, The Honourable Mitchell Sharp, said on July 10th, 1967—

"Another element of the Kennedy Round package for Canada was the code to govern the application of anti-dumping duties. This code is very important to Canada because our great industrial neighbours, to the South, to the East and to the West, sometimes try to dump their goods in Canada. For that reason, we have had anti-dumping laws longer than any other country. ... I should like to reiterate that where dumping threatens injury to Canadian producers, your government intends to see to it that in Canada anti-dumping duties are quickly and effectively applied".

Similar references to the application of anti-dumping duties "quickly and effectively" were also made by other Cabinet Ministers, such as the then Minister of Trade and Commerce, The Honourable Robert H. Winters.

## [Interprétation]

internationale) «qu'être condamnée». L'opinion que nous venons de citer est tirée directement de l'Accord général sur le Tarif et le Commerce. Dans le cas où on constate un dumping préjudiciable, si on perçoit un droit correspondant à la marge de dumping, il ne s'agit de rien de plus qu'un correctif à des pratiques discriminatoires de détermination des prix au plan du commerce international.

3. De telles pratiques sont déjà interdites par la loi canadienne lorsqu'elles ont cours à l'intérieur du Canada. L'essence du dumping, dans le commerce international, c'est qu'il est discriminatoire et tout aussi condamnable lorsqu'il est pratiqué au détriment de concurrents par un producteur étranger que par un producteur domestique. On doit donc considérer la législation antidumping comme un prolongement au plan international des principes exprimés au palier national par les lois contre les pratiques commerciales discriminatoires ou malhonnêtes.

4. Commentant les résultats des négociations Kennedy, le 10 juillet 1967, l'honorable Mitchell Sharp, alors ministre des Finances, déclarait:

«Un autre élément des conséquences des négociations Kennedy pour le Canada a été le code régissant l'application des droits antidumping. Ce code est très important pour le Canada, parce que nos grands voisins industriels du Sud, de l'Est et de l'Ouest essaient parfois de pratiquer le dumping de leurs marchandises au Canada. C'est pourquoi nous avons maintenu des lois antidumping plus longtemps que tout autre pays. Je tiens à réitérer que, lorsque le dumping semble devoir nuire aux producteurs canadiens, votre gouvernement a l'intention de veiller à ce que les droits antidumping soient appliqués avec promptitude et efficacité au Canada.»

Des allusions semblables à l'application des droits antidumping «avec rapidité et efficacité» ont également été exprimées par d'autres membres du gouvernement, notamment l'honorable Robert H. Winters, alors ministre du Commerce.

[Text]

5. We consider it of the utmost importance that this expression of principle be translated not only into law, but into action at all stages of the administration of the new Anti-Dumping Act, including the primary stage of deciding that an investigation of alleged or apparent injurious dumping should be initiated, and provisional measures taken. A public statement of policy should be made at an appropriate time and place, to give direction as to the principles which the administrative authorities are expected to follow.

6. The existing anti-dumping legislation was designed to minimize the need for exercise of judgement or discretion by administrative officials. In contrast the draft bill greatly extends the area where judgements must be formed by administrative officials and tribunals, and makes the element of administration of even greater importance than it has been. Therefore, coincident with implementation of our proposed new statute, there must be a major improvement in the total administration and organization of the Customs Division if Canadian industry and producers are not to be subjected to serious and prolonged dumping and material injury. Because of the new restrictions and retroactivity, errors are no longer retrievable.

7. If anti-dumping duties are to be applied "quickly and effectively", more information should be required on customs entries and reported to the central administrative authorities promptly. More detailed information on imports should be published. The introduction of the concept of injury as an element of anti-dumping administration adds to the need for commercial judgement. If the authorities are hampered by a lack of knowledge of how business is done, and an unduly legalistic or theoretical approach to the evidence of injury, then industry will suffer serious consequences. A business-like approach is essential if the new system is to be effective.

[Interpretation]

5. Nous considérons de la plus grande importance que cette expression de principe se traduise non seulement en loi mais également en action à toutes les étapes de l'administration de la nouvelle loi antidumping, y compris à l'étape initiale, où il faut décider s'il y a lieu de faire enquête sur un dumping qu'on prétend ou qui semble préjudiciable et d'adopter des mesures provisoires. Un énoncé officiel de politique devrait être fait en temps et lieu afin d'indiquer à quels principes les préposés à l'administration devront se conformer.

6. La loi actuelle antidumping a été conçue pour limiter autant que possible la nécessité, pour les agents de l'administration d'exercer leur jugement ou leur discrétion. Par contre, la nouvelle loi élargit considérablement le champ dans lequel les agents de l'administration et les tribunaux devront exercer leur jugement et elle confère au facteur administration une importance plus grande qu'auparavant. C'est pourquoi, parallèlement à l'application de notre projet de nouvelle loi, il faudrait une amélioration considérable dans l'ensemble de l'administration et de l'organisation de la division des Douanes si l'on ne veut pas que l'industrie et les producteurs canadiens aient à souffrir sérieusement et de façon prolongée de dumping et de préjudice. En raison des nouvelles restrictions sur la rétroactivité, les erreurs ne sont plus réparables.

7. Si l'on veut que les droits antidumping soient appliqués «rapidement et efficacement», il faudrait exiger que des renseignements plus complets soient fournis sur les entrées douanières et qu'on en fasse rapport promptement aux autorités administratives centrales. Il y aurait lieu de publier des renseignements plus détaillés sur les importations. L'introduction du concept de préjudice comme élément de l'administration de la loi antidumping accroît la nécessité des jugements en matière commerciale. Si l'action des administrateurs est entravée par un manque de connaissance de la pratique des affaires et un point de vue trop légaliste ou théorique sur les preuves à fournir du préjudice, l'industrie en subira alors des conséquences sérieuses. Il faut adop-



[Texte]

8. Even when there are acceptable home market sales in an exporting country for like products to those exported to Canada, our facilities for establishing the facts promptly have been inadequate. Beyond this, however, a concept of value based on such sales is losing its validity in relationship to Canada. Home market sales under fully competitive conditions do not exist in countries operating controlled economies. In countries such as Japan, where there is a closely-linked cartel structure which incorporates companies producing goods at many different levels, trading companies, shipping companies, banks, etc., it can be very difficult to find arms-length transactions.

9. The branch plant aspect of parts of the Canadian economy has led to a large proportion of imports of semi-manufactured goods which are not sold at all in the home markets of the country of export, in arms-length transactions or otherwise. It is regularly necessary to create a value by a "cost plus" formula, which requires detailed information from the exporter abroad.

10. One essential to investigations is an improved mechanism for the determination of values abroad. Geography and the similarity of the commercial structure have, to some extent, eased the problem of obtaining information from the United States. There is a customs office in Brussels, with two officers who must cover the Benelux countries, France, Western Germany and the Iron Curtain countries. There are three officers posted in London who are responsible for all valuation investigations elsewhere in Europe as well as in the United Kingdom. In Tokyo we have two officers, neither of whom speak Japanese. That is the total overseas establishment. Primarily valuation enquiries have been made by correspondence, which has been both slow and inadequate even where there have been factual home market prices to look for. Improved facilities, and insistence on prompt replies to enquiries, are essential.

11. Much of the proposed legislation cannot be evaluated except in terms of the regulations. There are twenty-five separate points in

[Interprétation]

ter un point de vue pratique si l'on veut que le nouveau système soit efficace.

8. Même si, dans un pays exportateur, les ventes domestiques de produits semblables à ceux qu'on exporte au Canada atteignent un niveau acceptable, nos moyens d'établir les faits avec promptitude ont été insuffisants. Indépendamment de cela, cependant, un concept de valeur basé sur de telles ventes perd sa signification en ce qui concerne le Canada. Les ventes sur le marché domestique dans des conditions pleinement concurrentielles n'existent pas dans un pays où l'économie est dirigée. Dans les pays comme le Japon, où il existe une structure de cartel fortement coordonnée, qui englobe des sociétés qui produisent des marchandises à de nombreux niveaux différents, on ne peut guère observer de transactions aux conditions normales du marché.

9. Le caractère de filiales de certains secteurs de l'économie canadienne a eu pour conséquence qu'une importante proportion des importations d'articles semi-ouvrés ne se vendent pas du tout sur les marchés domestiques du pays d'exportation, ni en des transactions libres, ni autrement. Il est régulièrement nécessaire d'en établir la valeur au moyen d'une formule basée sur le prix coûtant aux fins de laquelle il faut obtenir des renseignements détaillés de l'exportateur étranger.

10. Une condition essentielle des enquêtes, ce serait l'amélioration du mécanisme de détermination de la valeur à l'étranger. Un bureau des douanes à Bruxelles, sous la direction de deux administrateurs, doit s'occuper des pays du Benelux, de la France, de l'Allemagne de l'Ouest et des pays derrière le rideau de fer. Les trois dirigeants du bureau de Londres ont la responsabilité de toutes les enquêtes d'évaluation dans les autres pays d'Europe de même qu'au Royaume-Uni. A Tokyo, nous avons deux fonctionnaires dont aucun ne parle japonais. Voilà toute notre organisation à l'étranger. Les demandes de renseignements pour fins d'évaluation ont surtout été faites par correspondance, méthode lente et insuffisante même là où on pouvait se procurer des données exactes sur les prix au marché domestique. Il est essentiel d'améliorer les conditions matérielles et d'exiger la rapidité des réponses aux demandes de renseignements.

11. Beaucoup de la législation proposée ne peut être évaluée qu'en fonction des règlements. Il n'y a pas moins de 25 passages dans



## [Text]

the draft bill at which there is reference to the making of regulations or rules. At the time this submission was prepared only a small proportion of these rules and regulations had been made public, and even these provide for re-delegation of discretion.

## PROPOSED STATUTE

12. References to what has been described as the "first bite" were made during the hearings of the Standing Committee on Finance, Trade and Economic Affairs earlier this year. This received some attention at the hearings of February 7, 1968, at which time The Honourable C. M. Drury, the then Minister of Industry, said—

"This is not my legislation, so I am not giving any hostages. But as I did mention earlier, I think this so-called "one free dump" is an administrative practice rather than a statutory right, and I would be very surprised indeed if in the new legislation there were any provision made for one free dump by anybody".

In spite of this, in the textile industry, at least "one free dump", or "first bite" will almost certainly occur. There is provision for a limited degree of retroactivity under Section 5 of the Statute, in the case of a massive importation or a series of importations that in the aggregate are massive and that have occurred within a relatively short time. In other cases there is no such provision.

13. Our concern is, however, not restricted to "one free dump". A series of free dumps would be even more injurious. Section 4(a) does require the Customs Division to locate all entries, from the date of a preliminary finding, of dumped "goods of the same description" as those found to have been injuriously dumped, and to apply provisional duties to them. It is, however, difficult to understand how this obligation can be discharged since there is not even a central and detailed registry of all entries.

14. Section 7 authorizes the Governor-in-Council to exempt any goods or classes of goods from the application of the Anti-Dumping Act. We are not certain why such a provision should be made, since, under the new system, dumping duties cannot be applied

## [Interpretation]

le projet de loi où il est question de la préparation de tels règlements ou règles. Au moment de la préparation du présent mémoire, seule une petite partie de ces règlements avait été rendue publique et là déjà on pourvoit à une nouvelle délégation de pouvoirs de discrétion.

## LE PROJET DE LOI

12. On a fait mention de ce qu'on a appelé «premier envoi de dumping» au cours des auditions du Comité permanent de finances, commerce et affaires économiques qui ont eu lieu plus tôt cette année. La question a fait l'objet de quelque attention aux séances du 7 février 1968, auxquelles l'honorable C. M. Drury, alors ministre de l'Industrie, a déclaré:

«Cette loi, ce n'est pas moi qui la présente et je n'entends pas m'engager formellement. Cependant, comme je l'ai dit plus tôt, je pense que ce prétendu «premier envoi de dumping» relève d'une pratique administrative plutôt que d'un droit statutaire et je serais vraiment très surpris si, dans la nouvelle loi, une disposition permettait à qui que ce soit de faire impunément un premier envoi de dumping.»

En dépit de ce qui précède, dans l'industrie textile au moins, un «premier envoi de dumping» ne peut guère manquer de se produire. L'article 5 prévoit un degré limité de rétroactivité dans le cas d'une importation massive ou d'une série d'importations qui, dans leur ensemble, sont massives et ont eu lieu au cours d'une période relativement courte. Dans les autres cas, il n'existe pas de telle disposition.

13. Notre préoccupation ne se limite toutefois pas à un unique envoi de dumping. Une série d'envois de dumping effectués sans contrainte serait encore plus dommageable. L'article 4(a) exige que la division des Douanes relève tous les rapports d'entrées, à compter de la date de la constatation préliminaire, de marchandises faisant l'objet de dumping et dont la description correspond à celles dont le dumping a été préjudiciable et qu'elle applique les droits temporaires. Il est toutefois difficile de comprendre comment cette exigence peut être satisfaite puisqu'il n'existe même pas de registre central et détaillé de toutes les entrées.

14. L'article 7 autorise le Gouverneur en conseil à exempter toutes marchandises ou catégories de marchandises de l'application de la loi antidumping. Nous ne voyons pas la raison d'une telle disposition, car en vertu du nouveau système, les droits de dumping ne

## [Texte]

until it has been established both that there is dumping and that there is injury. However, should some "escape clause" of this nature be needed, there should be provision for publication of exempting orders.

15. Section 9 of the proposed bill sets out the method of determining "normal value". We consider Sub-section (2)(b) to be dangerous. This states that where a particular exporter to Canada does not make a sufficient number of sales in his home market of like goods to those exported to Canada, because his production is solely or primarily for export, but where there are sales of like goods for home consumption in the country of export by other vendors, the sales by these other vendors "shall" be adopted. Different price levels may exist at the same time for similar goods, particularly where supplies are limited by such factors as quotas. We believe this provision, as now worded, could lead to confusion and the time delays, and also to the acceptance of values which are unduly low. This method of establishing normal value is not required by the International Code and should be optional rather than mandatory. Further, the wording of Section 9(2)(b) does not even require that the prices of the "other vendors" be for goods made in the country of export. The prices of the "other vendors" used to establish normal value should be limited to the prices of domestic goods in the country of export.

16. Sub-section (3)(b) of Section 9 provides for prescribing by regulations the manner of calculating the "amount for administrative, selling and all other costs and for profits" referred to in (b) (ii). No draft regulation on this point has yet been made public. There should be provision also for prescribing by regulation the manner of calculating "the cost of production", as referred to in (b) (i); the draft bill does not now provide for this. The apparent cost of production of goods for export can be reduced by a variety of means. For example, tax allowances may be made in respect of production for export, which will reduce overhead. Raw materials to produce goods for export may be made available at lower prices than materials to make goods for home consumption. In applying the addition of

## [Interprétation]

peuvent pas s'appliquer aussi longtemps qu'il n'a pas été prouvé qu'il y a eu effectivement dumping et que ce dumping a été préjudiciable. Cependant, si une clause quelconque «de dégagement» de cette nature était nécessaire, nous pensons qu'il y aurait lieu de prévoir la publication des ordres d'exemptions.

15. L'article 9 du projet de loi définit la méthode qui servira à déterminer la «valeur normale». Nous estimons que le paragraphe (2)(b) comporte un danger. Ce paragraphe stipule que si un exportateur expédiant des marchandises au Canada ne fait pas, sur son marché domestique, un nombre suffisant de ventes de marchandises semblables à celles qu'il exporte au Canada parce que sa production est destinée seulement ou essentiellement à l'exportation, mais qu'il y ait eu des ventes de marchandises semblables destinées à la consommation intérieure dans le pays d'exportation par d'autres vendeurs, les ventes effectuées par ces autres vendeurs «devront» être adoptées. Des niveaux différents de prix peuvent exister en même temps pour des marchandises semblables, en particulier là où les approvisionnements de marchandises moins chères sont limités par des facteurs comme les contingentements. Nous estimons que cette disposition, dans sa forme actuelle, pourrait entraîner de la confusion et des pertes de temps, ainsi que l'acceptation de valeurs normales qui serait indûment basse. Cette méthode d'établissement de la valeur normale *n'est pas* requise par le Code international et qu'elle devrait être facultative plutôt qu'obligatoire. De plus, le texte de l'article 9(2)(b) ne spécifie même pas que les prix des «autres vendeurs» doivent être ceux des marchandises fabriquées dans le pays d'exportation. Les prix des «autres vendeurs» servant à établir la valeur normale devraient être restreints aux prix des marchandises domestiques dans le pays d'exportation.

16. Le paragraphe (3) (b) de l'article 9 stipule que les règlements définiront la méthode de calcul du «montant des frais administratifs, des frais de vente et de tous autres frais ainsi que des bénéfices» mentionnés dans le sous-alinéa (b) (ii). Aucun projet de règlement sur ce point n'a encore été publié. Il faudrait également une disposition prescrivant au moyen d'un règlement la méthode de calcul du «coût de production» mentionné au sous-alinéa (b) (i); le coût apparent de production de marchandises destinées à l'exportation peut être réduit par divers moyens. Par exemple, des réductions de taxe peuvent être accordées à l'égard de la production destinée à l'exportation, ce qui diminue les frais généraux. Les matières premières servant à la production de marchandises d'exportation



## [Text]

"an amount for administrative, selling and all other costs and for profits" to cost of production, in the circumstances contemplated by Section (9)(3)(b)(ii), there should be a requirement that the costing methods used in determining home market "markups" and in costing the goods for export to Canada shall be fully uniform and comparable.

17. Before leaving Section 9 we wish to draw attention to two points in the proposed draft regulation 6 relating to Section 9, as tabled with the Committee on October 31. We believe that the phrasing of paragraph (b) of regulation 6 should parallel the phrasing in paragraph (b) of regulation 5, and commence with the words "the discount is not greater in percentage and not more favourable in terms than that granted generally..." Similarly the wording of paragraph (c) of draft regulation 6 should parallel that of paragraph (c) of draft regulation 5, by requiring an "undertaking" by the importer, rather than merely requiring that the Deputy Minister be "satisfied". Lacking such an undertaking there is no recourse against an importer who does not fulfill the conditions for taking the discount.

18. At the present time Section 6 of the Customs Tariff provides for the collection of dumping duties only when "the export or actual selling price to an importer in Canada" is less than the fair market value. In the case of goods shipped "no charge", no export or actual selling price exists, and dumping duties are consequently not collectible. The same is true when goods are on consignment. "No charge" or "consignment" invoicing occurs automatically where the exporter abroad is the same legal person as the importer in Canada; selling goods to one's self being a legal impossibility, there can be no selling price. It appears that certain companies have so arranged their business as to take advantage of this present weakness. Section (2)(a) of Section 10 appears designed to deal with this situation, and is desirable.

19. Sub-section (2)(b)(i) of Section 10 relates to a sale between associated persons. The freedom of foreign exporters to operate wholly-owned subsidiaries in Canada has led to an increasing proportion of imports being made

## [Interpretation]

peuvent être disponibles à des prix inférieurs à ceux des matières premières servant à la fabrication des articles de consommation domestique. En ajoutant le «montant des frais administratifs, des frais de vente et de tous autres frais ainsi que des bénéfices» au coût de production, dans les conditions envisagées par l'article (9) (3) (b) (ii), il devrait y avoir une disposition exigeant que les méthodes d'établissement des prix servant à déterminer la marge de bénéfices pratiquée sur le marché domestique et à établir le prix des marchandises destinées à être exportées au Canada soient pleinement uniformes et comparables.

17. Avant de délaissier l'article 9, nous attirons votre attention sur deux points du règlement 6 relatifs à l'article 9, déposé auprès du comité le 31 octobre. Nous pensons que le texte de l'alinéa (b) du règlement 6 devrait être conforme à celui de l'alinéa (b) du règlement 5 et commencer par les mots «l'escompte n'est pas plus élevé en pourcentage ni plus favorable dans ses termes que celui qui est accordé généralement...» De la même façon, le texte de l'alinéa (c) du projet de règlement 6 devrait être conforme à celui de l'alinéa (c) du projet de règlement 5 et exiger un «engagement» de l'importateur, au lieu de se contenter d'exiger que le Sous-Ministre soit «convaincu». A défaut d'un tel engagement, aucun recours ne peut être exercé à l'endroit d'un importateur qui ne respecte pas les conditions d'octroi de l'escompte.

18. A l'heure actuelle, l'article 6 du Tarif des Douanes ne prévoit la perception de droits de dumping que si «le prix d'exportation ou le prix réel de vente à un importateur au Canada» est inférieur à la juste valeur marchande. Dans le cas de marchandises expédiées «sans frais», il n'existe pas de prix d'exportation ou de prix réel de vente proprement dit et, en conséquence, des droits de dumping ne peuvent être perçus. Il en va de même des marchandises en consignation. La facturation «sans frais» ou «en consignation» a lieu automatiquement lorsque l'exportateur à l'étranger est la même personne légale que l'importateur au Canada; la vente de marchandises à soi-même étant une impossibilité juridique, il ne peut exister de prix de vente. Il semble que certaines compagnies ont arrangé leurs affaires de façon à profiter de cette faiblesse actuelle. Le paragraphe 2 (a) de l'article 10 semble destiné à corriger cette situation, ce qui est souhaitable.

19. Le paragraphe (2) (b) (i) de l'article 10 a trait à la vente entre personnes associées. La liberté accordée aux exportateurs étrangers de diriger des filiales en propriété exclusive au Canada a entraîné l'accroissement des



## [Texte]

under conditions where the movement across the border is not in arms-length transactions, even when such exist within the country of export. The growth of international companies where costs of one unit are less meaningful than overall corporate interests tends to increase the area where an export price may be unreliable because of association (or a compensatory arrangement) between the exporter and the importer or a third party. The increasing scale of production units and increasing capital intensity with consequent lowering levels of marginal costs also tends to unreliability of export prices.

20. The provision in Sub-section (2)(b)(ii) of Section 10 that the Deputy Minister may disregard a stated export price if there is a compensatory arrangement is a desirable one, which should be phrased as broadly as possible. There has been a long history of "compensatory arrangements", in a variety of forms, which have been possible because of loopholes in the present law. Merely as one example; an exporter who wishes to dump may sell goods to a Canadian importer at ostensible prices not less than fair market value, at the same time depositing to a designated account outside Canada the difference between this selling price and a lower dump price. This is an undoubted breach of the purpose and intention of our dumping duty laws, but has been both almost impossible to trace and probably technically outside the scope of the law as now worded. Such a practice is of course particularly easy if a Canadian importer has a related company outside Canada, either as a parent or as a subsidiary, to serve as the "designated account" for receipt of the side payment, enabling effective dumping of goods into Canada in fact if not in form.

21. As a technical point, we question whether the reference in Section 10(2)(b)(ii) should be to a compensatory arrangement "affecting the price" of the goods. An argument might be made that compensatory arrangements may affect the ultimate net cost to an importer, but that they do not affect the "price". If there is any risk of such an interpretation it might be preferable to change this wording so that it refers more broadly to

## [Interprétation]

importations, dans des conditions où le mouvement de part et d'autre de la frontière ne se fait pas par transactions aux prix normaux, même si des transactions aux conditions normales s'effectuent à l'intérieur du pays d'exportation. L'expansion de sociétés internationales, pour lesquelles les coûts d'une unité ont moins d'importance que les intérêts d'ensemble de l'entreprise, ont tendu à augmenter l'étendue du secteur où on ne peut se fier à un prix d'exportation en raison d'une association (ou d'une entente de compensation) entre l'exportateur et l'importateur ou une tierce partie. L'importance croissante des unités de production, l'accroissement du poids des immobilisations et, en conséquence l'abaissement des niveaux des frais marginaux ont aussi tendu à l'inexactitude du prix d'exportation.

20. La disposition du paragraphe (2) (b) (ii) de l'article 10 selon laquelle le Sous-Ministre peut ne pas tenir compte d'un prix d'exportation déclaré s'il existe un arrangement compensatoire est désirable et elle devrait être formulée en termes aussi généraux que possible. Il existe une longue histoire d'«arrangements compensatoires» sous diverses formes, qui n'ont été possibles qu'en raison des lacunes de la loi actuelle. Pour n'en donner qu'un exemple, un exportateur qui désire faire du dumping peut vendre des marchandises à un importateur canadien à des prix déclarés qui ne sont pas inférieurs à la juste valeur marchande et en même temps déposer dans un compte désigné en dehors du Canada la différence entre ce prix de vente et le prix inférieur de dumping. Il s'agit là d'une violation de l'objet et de l'intention de nos lois relatives aux droits de dumping qu'il a été à peu près impossible de déceler et qui peut même excéder techniquement la portée de la loi dans son texte actuel. Une telle pratique est évidemment particulièrement facile lorsque l'importateur canadien dispose d'une société associée à l'extérieur du Canada, soit société-mère, soit filiale, pour faire office de «compte désigné» pour l'encaissement du paiement irrégulier, ce qui permet effectivement la pratique du dumping de marchandises au Canada en fait, sinon selon la forme.

21. A titre de point technique, nous nous demandons si l'article (10) (2) (b) (ii) devrait faire mention d'un arrangement compensatoire «affectant le prix» des marchandises. On pourrait soutenir que les arrangements compensatoires peuvent influer sur le prix net final à l'importateur, mais qu'il n'affecte pas le «prix». S'il existe quelque risque que ce soit d'une telle interprétation, il pourrait être souhaitable de changer le texte de manière

## [Text]

"a compensatory arrangement relating to the sale of the goods".

22. Section 10 does not appear to deal with two circumstances which have been a cause of difficulty under existing legislation. These are the importation of goods with remittances made against an open account, and extended credit. When remittances are not made in the same amount as any one invoice, it becomes impossible to say how much is actually being paid per unit because it can always be alleged that it is intended to pay, at some time, any outstanding balance. Extended credit, which is the same as a reduction in selling price, is significant at to-day's interest rates.

23. If there were a formal arrangement extending longer credit terms to a Canadian importer than are allowed in the supposedly comparable home market transactions, the provision in Section 10(2)(b)(ii) relating to a "compensatory arrangement" might be applicable. It is unlikely, however, that there would be any "arrangement" put on record between an exporter and an importer, or other parties to a transaction, that the importer will be merely allowed to defer, or forget part of, the payments ostensibly owing. However, the commercial reality is what counts. There should be a provision in the statute, or authority in the statute to provide by regulation, for adjustment of ostensible selling prices downwards to reflect savings to an importer arising from delay in remission of payment. This might be achieved by adding to section 10(2)(b) an additional paragraph (iii) reading:—"or by reason of any other circumstance which, in the opinion of the Deputy Minister, provides an effective reduction in the sale price".

24. Full comments on Section 10 cannot be made in the absence of the regulations required under subsection (2) thereof.

## INVESTIGATION PROCEDURE

25. Section 13 is the first section dealing with investigation procedures. It requires that the Deputy Minister shall "forthwith" cause an investigation to be initiated, either on his own initiative or on receipt of a complaint, if he "is of the opinion" that there is evidence of dumping and injury. It should be noted that the requirement to act "forthwith" applies only after the Deputy Minister has formed his opinions. There is no requirement

## [Interpretation]

qu'il fasse mention en termes plus généraux d'un «arrangement compensatoire lié à la vente des marchandises».

22. L'article 10 ne semble pas s'appliquer à deux circonstances qui ont constitué une cause de difficultés dans l'état actuel de la législation. Ce sont l'importation de marchandises avec remises versées à un compte ouvert et le crédit prolongé. Lorsque des remises ne sont pas faites au montant exact de toutes factures, il devient impossible d'établir à combien s'élève en réalité le prix unitaire, car on peut toujours prétendre que l'intention de l'importateur est de payer, plus tard, tout solde encore dû. Le crédit prolongé, qui correspond à une réduction du prix de vente, est un facteur significatif au niveau actuel des taux d'intérêt.

23. S'il existait une entente formelle accordant à un importateur canadien un crédit plus long qu'il n'est permis dans le cas des transactions prétendues comparables sur le marché domestique, la disposition de l'article 10 (2) (b) (ii) relative à une «entente de compensation» pourrait être applicable. Il est peu probable, cependant, qu'il existe une «entente formelle» entre un exportateur et un importateur ou d'autres parties à une transaction établissant que l'importateur est simplement autorisé à différer ou négliger le paiement d'une partie des paiements apparemment encore dus. Cependant, c'est la réalité commerciale qui compte. La loi devrait comporter une disposition ou un pouvoir permettant d'effectuer, au moyen d'un règlement, la rectification à un niveau inférieur des prix de vente prétendus, de manière à tenir compte de la réduction que représente, pour un importateur, un délai de paiement. On y parviendrait en ajoutant à l'article 10 (2) (b) un alinéa supplémentaire (iii) disant ce qui suit: «ou en raison de toute autre circonstance qui, de l'avis du Sous-Ministre, entraîne une réduction effective du prix de vente».

24. Nous ne pouvons soumettre de commentaires complets sur l'article 10 en l'absence des règlements requis aux termes du paragraphe 2 de l'article.

## PROCÉDURE D'ENQUÊTE

25. L'article 13 est le premier à traiter des procédures d'enquête. Il stipule que le sous-ministre fait ouvrir «immédiatement» une enquête, soit de sa propre initiative, soit sur réception d'une plainte, s'il «est d'avis» qu'il y a des éléments de preuve indiquant que les marchandises ont été sous-évaluées ou qu'il a préjudice. Il convient de noter que l'exigence d'agir «immédiatement» ne s'applique qu'après que le sous-ministre s'est formé une



## [Texte]

that the Deputy Minister should form his opinions promptly.

26. Section 13(1) requires the Deputy Minister to take action "on his own initiative". The administrative authorities should not only be prepared to initiate an investigation without having received a request on behalf of the industry affected, but should consider it their responsibility to do so and to actively and continually review imports to detect cases which should be investigated. However, a recent administrative decentralization of the Customs Division, through establishment of regional offices across Canada, has changed the situation formerly existing that copies of all customs entries were sent to Ottawa for checking and review. We understand that copies of customs entries are no longer sent to Ottawa, unless specially requested. There is therefore now no effective mechanism for the values of imports to be actively and continually reviewed either in Ottawa or in the regions.

27. Whether a request for initiation of an investigation is put forward on behalf of an industry, or action is initiated by the authorities, the evidence both of dumping and of injury should at this stage not call for more than a *prima facie* case. The administrative authorities will want to satisfy themselves that allegations are not frivolous, but should require no more in order to initiate an investigation. Only in this way will cases proceed with the necessary speed.

28. Mr. John B. Rehm, General Counsel, Office of the Special Representative for Trade Negotiations, United States Kennedy Round Team, is quoted as follows on his view of the provision in the International Code relating to this point, insofar as "injury" is concerned.

"Once the Treasury is satisfied that sales are being made at less than fair value then even a perfunctory show of injury would be sufficient to get a withholding of appraisement."

There should not be harassment of importers by instituting investigations with no evidence of dumping and of injury. However, having regard to the lack of retroactivity imposed by the provisions of the Code, and carried into this draft bill, it would be equally wrong to delay proceedings by treating a preliminary investigation as if it were a final action. Find-

## [Interprétation]

opinion. Le texte ne spécifie pas que le Sous-Ministre doit se former promptement une opinion.

26. L'article 13(1) exige que le Sous-Ministre prenne des mesures «de sa propre initiative». Les autorités administratives ne devraient pas seulement être prêtes à déclancher une enquête sans avoir reçu de demande au nom de l'industrie en cause, mais elles devraient considérer que c'est leur responsabilité de le faire et d'examiner activement et continuellement les importations afin de déceler les cas qui justifieraient une enquête. Cependant, la décentralisation récente de la division des douanes, par l'établissement de bureaux régionaux d'un bout à l'autre du Canada a changé la situation d'autrefois, alors qu'il fallait transmettre à Ottawa des copies de toutes les inscriptions aux douanes pour vérification et compilation. Selon nos renseignements, les copies des inscriptions douanières n'ont plus besoin d'être adressées à Ottawa sauf demande expresse. Il n'existe donc plus de mécanisme efficace qui assure la vérification diligente et continue de la valeur des importations, ni à Ottawa ni au niveau des régions.

27. Que la demande d'ouverture d'une enquête soit formulée au nom d'une industrie ou que cette mesure soit due à l'initiative des autorités, la preuve et du dumping et du préjudice ne devrait exiger, à ce stade, que des éléments *prima facie*. Les autorités administratives voudront s'assurer qu'il s'agit d'allégations sérieuses mais n'auront besoin de rien de plus pour faire ouvrir une enquête. Ce n'est que de cette manière que les cas pourront être examinés avec la rapidité nécessaire.

28. M. John B. Rehm, conseiller général au bureau du représentant spécial pour les négociations commerciales, de l'équipe des États-Unis aux négociations Kennedy, a exprimé de la façon suivante ses vues sur la disposition du code international touchant cette question, relativement au «préjudice»:

«Dès que la trésorerie est convaincue que des ventes se font à un prix inférieur à la juste valeur marchande, une indication superficielle de préjudice suffit à déclencher la suspension de l'évaluation.»

Il ne faut pas harceler les importateurs en instituant des enquêtes sans preuves de dumping et de préjudice. Cependant, compte tenu du défaut de rétroactivité découlant des dispositions du Code, maintenu dans le présent projet de loi, il serait également mauvais de retarder la marche à suivre en considérant des recherches préliminaires comme s'il s'a-



[Text]

ings of injury are the ultimate responsibility of the Anti-Dumping Tribunal.

29. Section 13(2) again raises the point of a time limit. There is no requirement that the Deputy Minister shall "forthwith" make his decision, and send notice of this decision, if he decides not to initiate an investigation.

30. Sub-section (3) of Section 13 deals with the obtaining of an advisory opinion from the Anti-Dumping Tribunal. There is no requirement that anyone be advised either that the opinion of the Anti-Dumping Tribunal has been sought, or the nature of the opinion that it expresses. It may be that, if this advisory opinion is sought by the Deputy Minister, it should be regarded as an internal administrative matter. However, where it is sought by a complainant, provision should be made for advising the complainant of the disposition of his case. This same comment applies in relation to Sub-section (7) of Section 13.

31. There is no requirement under Sub-Section (4) that the Deputy Minister shall proceed "forthwith" on receipt of the notice from the Anti-Dumping Tribunal referred to therein. There should be such a requirement.

32. Where an investigation is initiated under Section 13 by reason of a complaint, the name of the complainant should not be disclosed except with his agreement.

33. Sub-section (6)(a)(ii) of Section 13 refers to an investigation being terminated if the Deputy Minister is satisfied that the margin of dumping "or" the actual or potential volume of dumped goods is negligible. We believe that this word "or" should read "and". A large volume of dumping could cause substantial damage even though the margin of dumping is small. In Section 14(1)(b), this same point exists, stated in the converse, by the requirement that the Deputy Minister be satisfied that both the margin of dumping "and" the volume are not negligible. At this place the word "and" should read "or". If the Deputy Minister decides to terminate an investigation under the provisions of Sub-section (6) of Section 13 he is not required to state any reasons; he should be required to state reasons, in the same manner required under Sub-section (2) of Section 13.

34. Section 14 prescribes the course of action if the Deputy Minister, having initiated an investigation, is satisfied there is evidence of both dumping and injury sufficient to proceed with a full-scale enquiry. Until a pre-

[Interpretation]

gissait d'une décision finale. La constatation de préjudice appartient en dernier ressort au tribunal antidumping.

29. L'article 13 (2) soulève à nouveau la question de la limite de temps. On n'y trouve pas d'exigence que le Sous-Ministre doive prendre «immédiatement» sa décision et donner avis de cette décision, s'il décide de ne pas faire ouvrir d'enquête.

30. Le paragraphe (3) de l'article 13 a trait à l'obtention d'un avis du tribunal antidumping. On n'y trouve pas d'exigence que qui que ce soit soit informé ni qu'on a demandé l'avis du tribunal antidumping, ni de la nature de l'opinion qu'il a exprimée. Il se peut, si cet avis est demandé par le Sous-Ministre, qu'il soit considéré comme une question d'administration interne. Cependant, lorsqu'il est demandé par un plaignant, on devrait prendre des dispositions pour informer le plaignant de la décision prise dans son cas. Le même commentaire s'applique à l'égard du paragraphe (7) de l'article 13.

31. On ne trouve pas, dans le paragraphe (4) d'exigence que le Sous-Ministre doive procéder «immédiatement» sur réception de l'avis du tribunal antidumping mentionné dans les présentes. Une telle exigence s'imposerait.

32. Lorsqu'une enquête est ouverte en vertu de l'article 13 à la suite d'une plainte, le nom du plaignant ne devrait pas être révélé sauf s'il y consent.

33. Le paragraphe 6 (a) (ii) de l'article 13 indique que le sous-ministre fait mettre fin à une enquête s'il est convaincu que la marge de dumping «ou» le volume réel ou éventuel des marchandises sous-évaluées sont négligeables. Nous pensons que le mot «ou» devrait être remplacé par «et». Un volume important de dumping pourrait causer des dommages substantiels, même si la marge de dumping était faible. Dans l'article 14 (1) (b), le même cas se présente, à l'inverse, lorsqu'on dit que le Sous-Ministre doit être convaincu que et la marge de dumping «et» le volume ne sont pas négligeables. Dans ce passage, le mot «et» devrait être remplacé par «ou». Si le Sous-Ministre décide de mettre fin à une enquête en vertu des dispositions du paragraphe (6) de l'article 13, il n'est pas tenu d'en donner les raisons. En fait, il devrait être tenu d'en donner raisons, de la même façon qu'il y est tenu en vertu du paragraphe (2) de l'article 13.

34. L'article 14 définit la marche à suivre si le Sous-Ministre, après avoir fait ouvrir une enquête, est convaincu qu'il y a preuve à la fois de sous-évaluation et de préjudice suffisants pour justifier une enquête complète.

## [Texte]

liminary determination is made under Section 14(1), provisional duties as referred to in Section 15 cannot be applied. Under Section 4 of the draft bill, in cases where the Tribunal has made an order or finding after the entry of goods that they have been injuriously dumped, the Deputy Minister cannot apply dumping duties to the dumped goods under investigation in excess of "the provisional duty, if any, payable in respect of the goods". Procedural steps should not prevent the immediate levying of provisional duties, in cases where the Deputy Minister is satisfied that there is sufficient evidence of dumping and of injury to justify a full-scale investigation. Otherwise the quick and effective application of dumping duties stated to be a matter of government policy will not occur.

35. We are concerned that the procedural steps of notifying a variety of persons, and publication in the Canada Gazette, might be interpreted as suggesting that the Deputy Minister should not apply provisional duties under Section 15 immediately he comes to the conclusion that there is evidence of injurious dumping as provided for in Section 14(1), but should await publication in the Canada Gazette, and receipt of the notifications by the persons who are to be individually notified. *The application of provisional measures under Section 15 should not be delayed by the notification procedures of Section 14(2).*

36. Paragraph (d) of Sub-section (2) of Section 14 is a direction to carry through with the formal investigation in such manner as to enable a final determination of dumping within three months of the preliminary determination. We do not understand why this should be made subject to "directions given by the Minister". We feel this should be a mandatory provision, and that directions from the Minister should not be needed.

37. There is a further point arising from the wording of Section 15(1). This is the requirement that goods of the kind being investigated should enter Canada provisionally during the period of an investigation, but that this period shall end "on the day that an order or finding is made by the Tribunal". There would be a time gap between the date of a Tribunal order as referred to in Section 15(1), and definitive determination of the margin of dumping under Section 17(1), which cannot be made until receipt by the Deputy Minister of the order or finding of the Tribunal, dur-

## [Interprétation]

Jusqu'à ce qu'une décision préliminaire soit prise en vertu de l'article 14(1), les droits temporaires mentionnés dans l'article 15 ne peuvent s'appliquer. En vertu de l'article 4 du projet de loi, dans les cas où le Tribunal a donné un ordre ou s'il découvre, après l'entrée de marchandises, qu'elles ont fait l'objet d'un dumping préjudiciable, le Sous-Ministre ne peut imposer de droits de dumping aux marchandises sous-évaluées qui font l'objet de l'enquête, au delà du «droit temporaire, s'il en est, exigible pour ces marchandises». Les étapes de procédures n'empêchent pas la perception immédiate des droits temporaires, dans les cas où le Sous-Ministre est convaincu qu'il existe des preuves suffisantes de sous-évaluation et de préjudice pour justifier une enquête complète. Sans cela, l'application rapide et efficace des droits de dumping qu'on déclare matière de politique du gouvernement ne se produira pas.

35. Nous nous inquiétons de ce que les étapes de procédures relatives à l'avertissement de diverses personnes et la publication dans la Gazette du Canada pourraient être interprétées comme donnant à comprendre que le Sous-Ministre ne devrait pas imposer de droits temporaires en vertu de l'article 15 dès qu'il en vient à la conclusion qu'il y a preuve de dumping préjudiciable aux termes du paragraphe 14(1), mais qu'il devrait attendre la publication dans la Gazette du Canada et la réception des avis par les personnes qu'il faut avertir individuellement. *L'application des mesures provisoires prévues à l'article 15 ne devrait pas être retardée par les dispositions de communication des avis de l'article 14 (2).*

36. L'alinéa (d) du paragraphe (2) de l'article 14 impose la poursuite de l'enquête officielle de telle sorte qu'elle permette la détermination définitive du dumping dans les trois mois de la détermination préliminaire. Nous ne comprenons pas pourquoi on assujettit ces dispositions aux «instructions du Ministre». Nous estimons que ces dispositions devraient être obligatoires, sans nécessité d'instructions du Ministre.

37. Un autre problème est lié au texte de l'article 15 (1). C'est l'exigence que les marchandises du genre de celles qui font l'objet de l'enquête doivent entrer au pays conditionnellement, pendant la période de durée de l'enquête, mais que cette période prenne fin «le jour même où une ordonnance ou une décision est rendue par le Tribunal». Il y aurait un écart de temps entre la date de l'ordonnance du Tribunal, mentionnée dans l'article 15 (1), et la détermination définitive de la marge de dumping aux termes de l'article 17 (1), laquelle ne peut être faite avant la



## [Text]

ing this time, provisional duties should continue. Furthermore, provisional duties should be levied in the full amount warranted by the apparent margin of dumping. To act otherwise would result in provisional duties being less than required to remove the injury caused by the dumped imports, which would also prevent collection of definitive duties in the full amount that might be found necessary. Section 15(1)(a) should be amended accordingly.

38. Sub-section (3) of Section 17 provides that the Deputy Minister shall give notice of his final determinations in a manner to be "prescribed by the regulations". We see no reason to leave this to regulations. This might better be phrased as requiring notice of final determinations to be given to the same persons and in the same manner as the first notification of the enquiry, as set out in Section 14, Sub-sections (2) (a) and (2) (b).

39. Section 18(4)(b) deals with reappraising goods if there has been any misrepresentation or fraud at the time of entry, but there are no related penalties. Sub-section (5) of Section 18 provides that in the case of a reappraisal "the importer shall pay any additional duty payable with respect to the goods". However, it is not clear what this additional duty would be.

40. The powers of the Deputy Minister to require submission of information under Section 34 are important. We believe this section should be extended to enable the Deputy Minister to request information not only when any goods "have been or are being dumped", but also whenever the Deputy Minister has reason to believe that they "are likely to be dumped". There is no stipulation that the information submitted to the Deputy Minister must be complete. The penalty provided under Sub-section (3) if statements submitted contain "false or incorrect" information, should extend to the omission or withholding of relevant information.

41. There are at the present time inadequate facilities and powers in the Customs Act for the collection of full information on all aspects of a transaction within Canada. Under the new Anti-Dumping Act there will be greater need for such information. However, the draft bill is not entirely self-contained. It relies on provisions of the Customs Act,

## [Interpretation]

réception par le Sous-Ministre de l'ordonnance ou de la décision du Tribunal. Les droits temporaires devraient continuer de s'appliquer pendant cette période. De plus, les droits temporaires devraient être prélevés au plein montant que justifie la marge apparente de dumping. En agissant autrement, les droits temporaires seraient inférieurs à ce qu'il faudrait pour compenser le préjudice causé par les marchandises sous-évaluées. Ce serait également empêcher la perception des droits définitifs au plein montant qui pourrait être jugé nécessaire. L'article 15 (1) (a) devrait être modifié en conséquence.

38. Le paragraphe (3) de l'article 17 stipule que le Sous-Ministre donne un avis de sa détermination définitive de la manière «prescrite par les règlements». Nous ne voyons pas de raisons de s'en remettre aux règlements. Peut-être vaudrait-il mieux de dire que l'avis de sa détermination définitive doit être donné aux mêmes personnes et de la même manière que dans le cas du premier avis d'enquête, ainsi qu'il est stipulé dans l'article 14, paragraphes (2) (a) et (2) (b).

39. L'article 18 (4) (b) a trait à la réévaluation de marchandises s'il y a eu fausse représentation ou fraude au moment de l'entrée, mais ne comporte pas de sanctions. Le paragraphe (5) de l'article 18 stipule que, dans le cas d'une réévaluation, «l'importateur doit payer tout droit supplémentaire payable relativement aux marchandises». Cependant, on ne dit pas clairement ce qui ce droit supplémentaire devra être.

40. Le pouvoir du Sous-Ministre de demander des renseignements aux termes de l'article 34 est important. Nous sommes d'avis que la portée de cet article pourrait être étendue de manière à permettre au Sous-Ministre de demander des renseignements non seulement lorsque des marchandises «ont été ou sont sous-évaluées», mais également chaque fois que le Sous-Ministre a des raisons de croire qu'elles «feront vraisemblablement l'objet de dumping». Aucune disposition ne stipule que les renseignements soumis au Sous-Ministre doivent être complets. La sanction prévue en vertu de l'article (3) si les états soumis contiennent «des renseignements faux ou inexacts», devrait s'appliquer à l'omission ou à la dissimulation de renseignements pertinents.

41. Il existe, à l'heure actuelle, une insuffisance de moyens et de pouvoirs dans la Loi sur les Douanes relativement à l'obtention de renseignements complets sur tous les aspects des transactions à l'intérieur du Canada. Aux termes de la nouvelle loi antidumping, la nécessité de tels renseignements sera plus grande encore. Cependant, le projet de loi



*[Texte]*

which are specifically referred to in Section 2, Sub-section (3). A defect in the existing provisions of the Customs Act is therefore relevant to the proposed new Anti-Dumping Act. Under the provisions of the Customs Act importers are required to keep books and records for a period of six years. However, it is only when an information alleging conspiracy to defraud the revenue has been given under oath or when goods have been seized that the importer can be required to turn over his books or documents for inspection. It is sometimes impossible to determine whether goods have, in fact, been unlawfully imported unless the importer's records are examined and in many cases such examination is warranted to protect the revenue without an officer of the Department being in a position to formally allege a conspiracy to defraud. To overcome this situation it is recommended that provisions similar to Section 126 of the Income Tax Act be inserted in the Customs Act or, failing this, in this Anti-Dumping Act.

## ANTI-DUMPING TRIBUNAL

42. Determinations of whether or not dumped imports are causing or threatening injury to an existing industry, or materially retarding the establishment of an industry, are essentially exercises of judgement based upon the available facts and an understanding of how business is carried on. A legalistic or theoretical approach is inadequate to meet the rapidly changing facts of competition. It is therefore important that members of the Tribunal should have a background in Canadian industry, and that procedures before the Board should be relatively informal.

43. Section 16 requires the Anti-Dumping Tribunal to proceed with an enquiry into injury, on receipt of advice from the Deputy Minister that he is proceeding with determining of dumping. There is no requirement that the Tribunal give any notice of a hearing to anyone, or for that matter that it hold a hearing at all. There is no requirement that the Tribunal shall notify any person of anything during the course of its proceedings. This does not meet the requirements of Article 6 of the International Code, and contrasts with the detailed prescription of notification requirements to be met by the Deputy Min-

*[Interprétation]*

n'est pas complètement intégré. Il s'appuie sur des dispositions de la Loi sur les Douanes, dont il est spécifiquement fait mention dans l'article 2, paragraphe (3). Un défaut dans les dispositions actuelles de la Loi sur les Douanes influe donc sur le projet de nouvelles lois antidumping. Suivant les dispositions de la Loi sur les Douanes, les importateurs sont obligés de tenir des livres et des dossiers pendant une période de six ans. Cependant, ce n'est que lorsque des renseignements alléguant conspiration pour frauder le Ministère du Revenu ont été donnés sous serment ou lorsque des marchandises ont été saisies que l'importateur peut être de soumettre ses livres ou ses dossiers à l'inspection. Il est parfois impossible de déterminer si des marchandises ont, en fait, été importées illégalement à moins que les dossiers de l'importateur soient examinés et, dans beaucoup de cas, un tel examen est justifié pour protéger le Ministère du Revenu, sans qu'un représentant du Ministère soit en état d'alléguer formellement conspiration en vue d'une fraude. Pour obvier à cette situation, nous recommanderions que des dispositions semblables à l'article 126 de la Loi de l'Impôt sur le Revenu soient insérées dans la Loi sur les Douanes et, à défaut de celle-ci, dans cette Loi antidumping.

## TRIBUNAL ANTIDUMPING

42. La question de savoir si, oui ou non, des marchandises sous-évaluées causent ou menacent de causer du préjudice à une industrie existante ou retardent matériellement l'établissement d'une industrie implique essentiellement l'exercice de jugements fondés sur les données disponibles et sur la compréhension de la façon dont les affaires se traitent. Un point de vue légaliste ou théorique ne saurait répondre à l'évolution rapide des réalités de la concurrence. Il est donc important que les membres du Tribunal possèdent l'expérience de l'industrie canadienne et que les procédures suivies devant ce Tribunal soient relativement flexibles.

43. L'article 16 stipule que le Tribunal antidumping doit procéder à une enquête sur le préjudice, dès réception d'un avis du Sous-Ministre disant qu'il procède à la détermination du dumping. Rien n'exige que le Tribunal donne avis à qui que ce soit d'une audience ni même qu'il tienne audience. Rien n'exige non plus, que le Tribunal avertisse quelque personne que ce soit de quoi que ce soit pendant le cours de ces audiences. Ceci ne répond pas aux exigences de l'article 6 du Code International et fait contraste avec les exigences détaillées d'avis auxquels le Sous-Ministre doit se soumettre aux termes des

## [Text]

ister as set out in Sections 13(5) and 14(2). There is provision in Sub-section (5) of Section 16 that the Secretary of the Tribunal shall forward a copy of each order or finding to the Deputy Minister, the importer, the exporter and "such other persons as may be specified by the rules of the Tribunal". This, however, is not a requirement for publication. Also, if it is thought necessary to provide in the statute that the importer and the exporter be sent a copy of each order or finding, there should also be reference to a complainant being notified of the disposition of his complaint.

44. Sub-section (2) of Section 16 is a desirable provision that if, in the course of an enquiry into injury by the Tribunal, it is discovered there is evidence of dumping and of injury in respect of goods of a type not covered by the original reference to the Tribunal under Section 14(2), the investigation should be extended to encompass these additional goods. However, we see no reason why this should be limited to goods "the characteristics of which closely resemble the goods to which the preliminary determination applies". Surely if a Government Tribunal comes to the conclusion that there is evidence of injurious dumping, there should be a requirement that action be taken in respect of such goods, regardless of their nature. There appears a considerable risk we would then start in again with time delays, while the Deputy Minister goes through the Section 13(5) procedures, and the Tribunal waits for a new notification under Section 14(2). Where the Tribunal has already come to the conclusion that there is evidence of injurious dumping, such dumping should not be allowed to continue under conditions where the restrictions on retroactivity prevent remedial action being taken promptly, because of procedural requirements.

45. Section 32 provides for the Tribunal reviewing and changing its orders of findings. It is presumed this is intended to provide for recognizing changed circumstances. Perhaps it should be specified that this power to "re-scind, change, alter or vary" an order or finding should not have retroactive effect prior to the change in circumstances.

46. We are concerned by the provisions of Section 30. The Tribunal is empowered to obtain the advice and assistance of any agen-

## [Interpretation]

articles 13(5) et 14(2). Le paragraphe (5) de l'article 16 stipule que le secrétaire du Tribunal devra transmettre une copie de chaque ordonnance ou conclusions au Sous-Ministre, à l'importateur, à l'exportateur et aux «autres personnes que peuvent spécifier les règles du Tribunal». Ceci n'est toutefois pas une exigence de publication. Également, si l'on croit nécessaire de stipuler dans la loi que l'importateur et l'exportateur doivent recevoir une copie de chaque ordonnance ou conclusion, il faudrait également faire mention que le plaignant devrait être avisé de la façon dont le Tribunal a décidé de sa plainte.

44. Le paragraphe (2) de l'article 16 est une disposition désirable qui stipule que si, dans le cours d'une enquête menée par le Tribunal sur un préjudice, on découvre qu'il y a preuve de dumping et de préjudice à l'égard de marchandises d'un genre non prévu dans l'exposé justificatif original soumis au Tribunal en vertu de l'article 14(2), l'enquête devrait être élargie de manière à englober ces autres marchandises. Cependant, nous ne voyons aucune raison pour laquelle cette pratique devrait se restreindre aux marchandises «dont les caractéristiques ressemblent étroitement à celles des marchandises auxquelles s'applique la détermination préliminaire». Si un Tribunal du gouvernement en vient à la conclusion qu'il y a preuve de dumping préjudiciable, sans doute le texte devrait-il spécifier que des mesures soient prises à l'égard de telles marchandises quelle qu'en soit la nature. Le risque semble considérable que nous ayons à nouveau à souffrir de retard pendant que le Sous-Ministre procède selon les dispositions de l'article 13(5), et que le Tribunal attend la communication des avis aux termes de l'article 14(2). Lorsque le Tribunal en est déjà venu à la conclusion qu'il y a preuve de dumping préjudiciable, on ne devrait pas permettre qu'un tel dumping se continue dans des conditions où les restrictions sur la rétroactivité empêchent que des mesures de compensation soient adoptées promptement, en raison d'exigences de procédure.

45. L'article 32 stipule que le Tribunal peut réviser et modifier ses ordonnances ou conclusions. On présume que cette disposition vise à permettre qu'on tienne compte des changements de conditions. Peut-être faudra-t-il préciser que ce pouvoir de «réviser, modifier ou annuler» une ordonnance ou des conclusions ne devrait pas avoir d'effets rétroactifs antérieurement au changement de conditions.

46. Nous nous inquiétons des dispositions proposées par l'article 30. Le Tribunal a le pouvoir d'obtenir l'avis et l'aide de toute



## [Texte]

cy or department of the Government of Canada and therefore can seek the advice of such persons as are named in Section 30. However, to create a separate Panel and to require that the Tribunal must seek the advice of the Panel appears an unnecessary diffusion of responsibility, and cause of delay. It detracts from the status of the Tribunal as a court.

## CONCLUSION

47. While we have considered it desirable to outline views, in some detail, on the relevant sections of the draft statute, it is important above everything else to revert to the matter of speedy and effective administration. Whatever our experience with the present law, and the present administration of that law, it is eminently clear that the new law will require a fundamental re-organization of the Customs administration in order to conform to the new functions and the new powers which will be created. A heavy responsibility will now be placed on those charged with the administration to see to it that procedures are devised which will prevent injurious dumping to the fullest extent provided by the legislation; that the initiatives are taken to detect and counteract it promptly and completely; and that the officials involved are fully aware of the obligations placed on them, to this end, by the new statute. Otherwise, the intentions of Parliament will be frustrated.

## [Interprétation]

agence ou de tout service du gouvernement du Canada et donc peut solliciter l'avis des personnes dont l'article 30 fait mention. Cependant, la création d'un comité consultatif distinct et l'exigence que le Tribunal demande l'avis de ce comité consultatif semble une disposition inutile de la responsabilité et une cause de retard. Ce n'est pas conforme à la dignité du Tribunal.

## CONCLUSION

47. Si nous avons considéré souhaitable d'exprimer nos vues assez en détail, sur les questions pertinentes du projet de loi, il demeure de la plus haute importance de revenir à la question de la rapidité et de l'efficacité administrative. Indépendamment de notre expérience de la loi actuelle et de l'administration actuelle de cette loi, il est éminemment clair que la nouvelle loi exigera une réorganisation fondamentale de l'administration des douanes afin de la conformer aux nouvelles fonctions et aux nouveaux pouvoirs qui seront créés. Les personnes chargées de son administration auront la lourde responsabilité de veiller à ce que des procédures soient prévues pour empêcher le dumping préjudiciable dans toute la mesure où la législation le permettra; que des initiatives soient prises pour le découvrir et l'enrayer promptement et complètement; que les fonctionnaires affectés à cette tâche se rendent pleinement compte des obligations qui leur sont dévolues à cette fin par la nouvelle loi. Sans cela, l'intention du Parlement serait vaine.



[Text]

## APPENDIX S

## CANADA-JAPAN TRADE COUNCIL

BRIEF to Parliamentary Committee on Finance, Trade and Economic Affairs Concerning Draft Legislation and Regulations on Anti-Dumping Duties.

We believe that it may be of advantage to the Committee to consider the circumstances under which anti-dumping duty has been applied in the past. We do not, for example, believe that this has been applied to a higher extent to goods imported from Japan than to goods originating in other countries.

It is our understanding that the object of Anti-Dumping Legislation is to prevent unfair competition of imports with Canadian made goods. This would cover the circumstance in which goods exported to Canada were deliberately priced at less than the figure at which they would be sold in the country of origin under comparable conditions of trade. We have been advised that, under existing Legislation and Regulations, Anti-Dumping Duty has often been applied when the imported goods were not available from Canadian production (although ruled to be of a class or kind made in Canada) and when the importation of the goods did no harm whatsoever to Canadian industry. We, accordingly, welcome the requirement of the new Legislation that injury to Canadian industry must be proven before Anti-Dumping Duties are conclusively applied.

Although the new Legislation makes it necessary to establish that injury to domestic industry has taken place before Anti-Dumping Duty is applied, there has been no fundamental change in the basic definition of "Dumping". We understand this to be the circumstance that the goods imported into Canada had been sold to the importer at a price below the normal price in country of origin to the first unrelated customer. This follows the provisions of the Canadian Customs Act for the determination of fair market value which does not normally take into consideration the circumstance that the Canadian importer may be required to provide numerous services and to assume costs which would be provided and/or assumed in the country of origin by the manufacturer of the goods.

[Interpretation]

## APPENDICE S

## CONSEIL COMMERCIAL CANADA-JAPON

MÉMOIRE au Comité parlementaire des finances, du commerce et des questions économiques, concernant le projet de loi et de règlement sur les droits antidumping.

Nous sommes d'avis que le Comité aurait peut-être avantage à étudier les circonstances dans lesquelles les droits antidumping ont été imposés dans le passé. Par exemple, nous ne croyons pas que ces droits ont été imposés davantage aux produits importés du Japon qu'aux produits provenant d'autres pays.

Si nous avons bien compris, la Loi antidumping a pour objet d'empêcher que les produits importés fassent injustement concurrence aux produits fabriqués au Canada. Elle mettrait ainsi fin à la pratique d'offrir en vente des produits exportés au Canada à un prix délibérément moindre qu'ils ne se seraient vendus au pays d'origine, compte tenu d'une conjoncture économique comparable. Nous avons appris qu'en vertu de la Loi et du Règlement actuellement en vigueur, des droits antidumping sont souvent imposés quand l'industrie canadienne ne peut fabriquer les produits importés (même s'ils sont réputés être d'une classe ou d'une espèce fabriquée au Canada) et quand les produits ne causent absolument pas de préjudice à l'industrie canadienne. Par conséquent, nous sommes heureux que la nouvelle Loi stipule qu'il faut prouver qu'un préjudice a été causé à l'industrie canadienne avant que des droits antidumping puissent être définitivement imposés.

La nouvelle Loi prescrit qu'il faut établir qu'un préjudice a été causé à l'industrie canadienne avant que des droits antidumping puissent être imposés, mais l'essence même de la définition du « dumping » n'a subi aucune modification fondamentale. Nous comprenons qu'il s'agit là de la circonstance dans laquelle les produits importés au Canada sont vendus à l'importateur à un prix inférieur au prix normal que le premier client non associé aurait payé au pays d'origine. Cette prescription est conforme aux dispositions de la Loi canadienne sur les douanes, concernant l'établissement de la juste valeur marchande, lequel, en règle générale, ne tient pas compte du fait que l'importateur canadien doit peut-être dispenser nombre de services et absorber des frais que le fabricant doit dispenser et/ou absorber au pays d'origine.

*[Texte]*

We understand that the proposed new Regulations are intended to provide for the deduction from the normal value of certain allowances covering such matters as cash discounts, transportation costs and similar items and that this allowance would include costs incurred by the exporter in his domestic marketing of similar goods relating directly to functions which, in Canada, would be provided by the importer.

We are particularly concerned with Section 9(1) (d) of the proposed Anti-Dumping Act which refers to adjustment "by allowances calculated in the manner prescribed by the Regulations to reflect the differences in the terms and conditions of sale, in taxation and other differences relating to price comparability between the sale of the goods to the importer in Canada and the sales by the exporter of the like goods but with no other allowances affecting price comparability whatever". We have also considered the proposed Regulations which cover this point, specifically Section 8(a) and (b).

We have noted that the determination of such allowances is based upon the opinion of the Deputy Minister. We are concerned that the determination of the final amount will rest entirely upon the opinion of the Deputy Minister rather than upon factual evidence which could, presumably, be presented.

We have also noted a very considerable discretion which is provided to the Deputy Minister of National Revenue by various other references in the Act and Regulations. This could place officials of the Department of National Revenue in an invidious position.

Finally, we hope that the Committee in its review of the proposed Act and Regulations will take into consideration the circumstance that Anti-Dumping Legislation enacted by Canada should not do any more than provide the approved protection from injury to domestic industry and should not become, as is the case with existing Legislation, unjustified protectionism which impedes the free exchange of goods in International trade without conferring any advantage upon domestic industry.

November 6, 1968.

*[Interprétation]*

Nous comprenons que le projet de règlement a pour objet de prévoir la déduction, de la valeur normale, de certains dégrèvements touchant, par exemple, les rabais en espèces, le coût du transport et d'autres articles semblables, et que ces dégrèvements comprendraient les frais de l'exportateur pour la commercialisation domestique de produits semblables directement connexes aux fonctions qu'au Canada l'importateur devrait assumer.

Nous voulons parler en particulier de l'article 9(1)d) du projet de loi antidumping, qui stipule que «la valeur normale de toutes marchandises est le prix de marchandises semblables lorsqu'elles sont vendues par l'exportateur, ... corrigé par les dégrèvements calculés de la manière prescrite par les règlements pour refléter les différences dans les modalités de vente, dans l'imposition et les autres différences ayant trait à la comparabilité des prix entre la vente des marchandises à l'importateur au Canada et les ventes par l'exportateur de marchandises semblables, mais sans aucun autre dégrèvement affectant la comparabilité des prix.» Nous avons également examiné les dispositions du projet de règlement qui traitent de cette question, plus précisément l'article 8a) et b).

Nous avons remarqué que l'établissement de ces dégrèvements se fonde sur l'opinion du sous-ministre. Nous craignons que l'établissement du montant final repose entièrement sur l'avis du sous-ministre plutôt que sur les preuves de fait qui, nous le supposons, pourraient être déposées.

Nous avons également remarqué que d'autres dispositions de la Loi et du Règlement laissent énormément de latitude au sous-ministre du Revenu national. Les fonctionnaires du ministère du Revenu national pourraient ainsi se trouver dans une position peu agréable.

Enfin, nous espérons que, quand viendra le temps d'étudier le projet de loi et de règlement, le Comité tiendra compte du fait que la Loi antidumping adoptée par le Canada doit uniquement empêcher que l'industrie canadienne subisse un préjudice et ne doit pas devenir, comme c'est le cas de la législation actuelle, du protectionnisme injustifié qui entrave le libre échange de produits au palier international sans pour autant avantager en quoi que ce soit l'industrie canadienne.

Le 6 novembre 1968.







This official bilingual edition contains the speeches as delivered in the English or French language in the left-hand column of each page of Evidence. The right-hand column of each page of Evidence utilizes the oral translations rendered by Simultaneous Interpreters with minor necessary revisions only. For the Minutes of Proceedings, the English text appears in the left-hand column and the French text or Translation on the right.

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Le but de cette formule est d'accélérer la publication des procès-verbaux et témoignages dans les deux langues dans la même édition.

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*Le Greffier de la Chambre,*

**ALISTAIR FRASER,**

*Clerk of the House.*

OFFICIAL BILINGUAL ISSUE  
(see panel on back cover)

HOUSE OF COMMONS

First Session

Twenty-eighth Parliament, 1968

STANDING COMMITTEE  
ON

**FINANCE, TRADE  
AND  
ECONOMIC AFFAIRS**

*Chairman:* Mr. Gaston Clermont

MINUTES OF PROCEEDINGS  
AND EVIDENCE

No. 11

THURSDAY, NOVEMBER 21, 1968

*Respecting*

White Paper on Anti-dumping

Including Third Report to the House

*Witnesses:*

*Representing the Canadian Manufacturers Association:* Messrs. George H. Dobbie, Vice-President; R. Lang, Manager, Tariff Department; C. C. Weeks, Member of Tariff Committee. *Representing the Canadian Electrical Manufacturers Association:* Mr. K. H. Rapsey, President. *From Canadian Westinghouse Limited:* Mr. W. J. Cheesman, President. *From Canadian General Electric Co. Ltd.:* Mr. J. H. Smith, President. *And also:* Mr. A. R. Hind, Assistant Deputy Minister (Customs and Excise) and Mr. C. D. Arthur, International Economics Relation Division, Department of Finance.

FASCICULE BILINGUE OFFICIEL  
(voir au verso du fascicule)

CHAMBRE DES COMMUNES

Première session de la

vingt-huitième législature, 1968

COMITÉ PERMANENT  
DES

**FINANCES, DU COMMERCE  
ET DES  
QUESTIONS ÉCONOMIQUES**

*Président:* M. Gaston Clermont

PROCÈS-VERBAUX ET  
TÉMOIGNAGES

N° 11

RÉUNIONS DU  
JEUDI 21 NOVEMBRE 1968

*Concernant*

Le Livre blanc sur l'antidumping

Y inclus Troisième Rapport à la Chambre

*Témoins:*

*Représentant l'Association des Manufacturiers canadiens:* MM. George H. Dobbie, vice-président; R. Lang, gérant, département des tarifs; C. C. Weeks, membre du Comité des tarifs. *Représentant The Canadian Electrical Manufacturers' Association:* M. K. H. Rapsey, président. *De la Canadian Westinghouse Co. Ltd.:* M. W. J. Cheesman, président. *De la Canadian General Electric Company Ltd.:* M. J. H. Smith, président. *Et aussi:* M. A. R. Hind, sous-ministre adjoint (Douanes et Accise) et M. C. D. Arthur, Division des relations économiques internationales, ministère des Finances.

ROGER DUHAMEL, F.R.S.C.

Queen's Printer and Controller of Stationery

Imprimeur de la reine et contrôleur de la papeterie

Ottawa, 1968



STANDING COMMITTEE ON  
FINANCE, TRADE  
AND  
ECONOMIC AFFAIRS

*Chairman:* Mr. Gaston Clermont

*Vice-Chairman:* Mr. Alastair Gillespie  
and Messrs.

Blair,  
Burton,  
Comtois,  
Danson,  
Downey,  
Émard,  
Flemming,

Gauthier,  
Gillespie,  
Gray,  
Hales,  
Harkness,  
Howard (*Okanagan  
Boundary*),

*La secrétaire du comité,*  
Dorothy F. Ballantine,  
*Clerk of the Committee.*

COMITÉ PERMANENT DE LA  
FINANCE, DU COMMERCE  
ET DES  
QUESTIONS ÉCONOMIQUES

*Président:* M. Gaston Clermont

*Vice-président:* M. Alastair Gillespie  
et MM.

Lambert (*Edmonton  
West*),  
Latulippe,  
Portelance\*,  
Roberts,  
Saltsman,  
Trudel—(20)

\*Replaced Mr. Givens on November  
21, 1968.

\*Remplace M. Givens, le 21 novembre  
1968.

ORDER OF REFERENCE

THURSDAY, November 21, 1968.

*Ordered*,—That the name of Mr. Portelance be substituted for that of Mr. Givens on the Standing Committee on Finance, Trade and Economic Affairs.

ATTEST:

ORDRE DE RENVOI

Le JEUDI 21 novembre 1968.

*Il est ordonné*,—Que le nom de M. Portelance soit substitué à celui de M. Givens sur la liste des membres du comité permanent des finances, du commerce et des questions économiques.

ATTESTÉ:

*Le Greffier de la Chambre des communes,*

ALISTAIR FRASER,

*The Clerk of the House of Commons.*

## REPORT TO THE HOUSE

THURSDAY, November 21, 1968.

The Standing Committee on Finance, Trade and Economic Affairs has the honour to present its

### THIRD REPORT

In accordance with its Order of Reference of October 16, 1968, your Committee has considered the items listed in the Revised Main Estimates for 1968-69 relating to the Department of Insurance.

Your Committee commends them to the House.

A copy of the relevant Minutes of Proceedings and Evidence (*Issue No. 8*) is tabled.

Respectfully submitted,  
GASTON CLERMONT,  
*Chairman.*

## RAPPORT À LA CHAMBRE

Le JEUDI 21 novembre 1968

Le Comité permanent des finances, du commerce et des questions économiques a l'honneur de présenter son

### TROISIÈME RAPPORT

Conformément à l'ordre de renvoi du 16 octobre 1968, le Comité a étudié les crédits paraissant au budget principal révisé de 1968-1969 se rattachant au département des assurances.

Le Comité les recommande à l'approbation de la Chambre.

Un exemplaire des procès-verbaux et témoignages s'y rapportant (*fascicule n° 8*) est déposé.

Respectueusement soumis,  
*Le président,*  
GASTON CLERMONT.



[Text]

## MINUTES OF PROCEEDINGS

THURSDAY, November 21, 1968.  
(16)

The Standing Committee on Finance, Trade and Economic Affairs met at 9:45 a.m. this day, the Chairman, Mr. Clermont, presiding.

*Members present:* Messrs. Burton, Clermont, Comtois, Danson, Downey, Emard, Gillespie, Gray, Hales, Harkness, Howard (*Okanagan Boundary*), Lambert (*Edmonton West*), Saltsman and Mr. Trudel (14).

*In attendance: Representing the Canadian Manufacturers' Association:* Messrs. George H. Dobbie, Vice-President; R. Lang, Manager, Tariff Department; B. R. McPherson, Member of Tariff Committee; C. C. Weeks, Member of Tariff Committee; J. H. Fulcher, Member of Tariff Committee; D. H. Jupp, Ottawa Representative.

*Also in attendance: From the Department of National Revenue (Customs and Excise):* Messrs. A. R. Hind, Assistant Deputy Minister; M. T. Keam, Director, Customs Appraisal Division; H. D. MacDermid, Chief, Valuation Section. *From the Department of Finance:* Mr. C. D. Arthur, International Economics Relation Division. *From the Department of Industry:* Mr. V. R. St. Louis, Office of Industrial Relations. *From the Department of Trade and Commerce:* Mr. C. J. Kelly, Office of Area Relations.

On motion of Mr. Gray, seconded by Mr. Trudel,

*Resolved,*—That Mr. Gillespie be re-elected as Vice-Chairman of this Committee.

On motion of Mr. Hales, seconded by Mr. Comtois.

*Resolved,*—That the briefs of those organizations who have indicated they do not wish to appear in person before the Committee be printed as appendices to the

[Traduction]

## PROCÈS-VERBAUX

Le JEUDI 21 novembre 1968  
(16)

Le Comité permanent des finances, du commerce et des questions économiques se réunit à 9 h. 45 du matin, sous la présidence de M. Clermont.

*Présents:* MM. Burton, Clermont, Comtois, Danson, Downey, Émard, Gillespie, Gray, Hales, Harkness, Howard (*Okanagan Boundary*), Lambert (*Edmonton-Ouest*), Saltsman et Trudel (14).

*Aussi présents: Représentant l'Association des Manufacturiers canadiens:* MM. George H. Dobbie, vice-président; R. Lang, gérant, département des tarifs; B. R. McPherson, membre du Comité des tarifs; C. C. Weeks, membre du Comité des tarifs; J. H. Fulcher, membre du Comité des tarifs; D. H. Jupp, représentant de la section d'Ottawa.

*Et aussi: Du ministère du Revenu national (Douanes et Accise):* MM. A. R. Hind, sous-ministre adjoint; M. T. Keam, directeur, division de l'appréciation (Douanes); H. D. MacDermid, chef de la section de l'évaluation. *Du ministère des Finances:* M. C. D. Arthur, Division des relations économiques internationales. *Du ministère de l'Industrie:* M. V. R. St-Louis, Bureau des relations industrielles. *Du ministère du Commerce:* M. C. J. Kelly, Bureau des relations commerciales.

Sur une proposition de M. Gray, appuyé par M. Trudel,

*Il est résolu,*—Que M. Gillespie soit ré-élu vice-président du Comité.

Sur une proposition de M. Hales, appuyé par M. Comtois,

*Il est résolu,*—Que les mémoires des organismes qui ne désirent pas venir devant le Comité, de même que les commentaires à leur sujet des hauts fonctionnaires du

Minutes of Proceedings and Evidence, and that any comments of government officials on the said briefs be printed in the same appendices.

The Committee resumed consideration of the White Paper on Anti-Dumping and the representatives of the Canadian Manufacturers' Association were called and introduced. In accordance with the resolution of October 24, 1968, the briefs are attached hereto as *Appendix "T"*.

At the invitation of the Chairman, Mr. Dobbie made an opening statement.

During the questioning which followed, Messrs. Dobbie, Lang and Weeks answered questions. Messrs. Hind and Arthur also answered questions directed to them from time to time.

The questioning having been concluded, the Chairman thanked the witnesses, who then withdrew.

At 11:50 a.m. the Committee adjourned until 3:30 p.m. this day.

gouvernement, soient imprimés en appendice aux procès-verbaux et témoignages.

Le Comité reprend l'examen du livre blanc sur l'anti-dumping. On présente les représentants de l'Association des Manufacturiers canadiens. Comme le veut la résolution du 24 octobre 1968, les mémoires figureront en appendice. (*Voir Appendice «T»*)

Le président invite M. Dobbie à présenter un exposé.

Ensuite, MM. Dobbie, Lang et Weeks répondent aux questions. MM. Hind et Arthur répondent aussi à quelques questions.

Les questions épuisées, le président remercie les témoins qui alors se retirent.

A 11 h. 50 de l'avant-midi, le Comité s'ajourne jusqu'à 3 h. 30 de l'après-midi.

*La secrétaire du Comité,*

Dorothy F. Ballantine

*Clerk of the Committee*

#### AFTERNOON SITTING (17)

The Committee resumed at 3:55 p.m., the Chairman, Mr. Clermont, presiding.

*Members present:* Messrs. Clermont, Comtois, Downey, Émard, Gauthier, Gillespie, Hales, Lambert (*Edmonton West*), Saltsman and Trudel (10).

*Also present:* Mr. Ritchie, M.P.

*In attendance: Representing The Canadian Electrical Manufacturers' Association:* Messrs. K. H. Rapsey, President; T. A. Lindsay, First Vice-President; J. H. Pryce, Member, Wire and Cable Division; W. J. Cheesman, Director and Member, Executive Committee, R. Noonan, Past President; A. F. Johnston, Member, Trade Committee; R. S. Sukloff, Chairman, Tariff Committee; A. S. McArthur, Member, Trade

#### SÉANCE DE L'APRÈS-MIDI (17)

Le Comité se réunit à 3 h. 55 de l'après-midi, sous la présidence de M. Clermont.

*Présents:* MM. Clermont, Comtois, Downey, Émard, Gauthier, Gillespie, Hales, Lambert (*Edmonton-Ouest*), Saltsman et Trudel (10).

*Aussi présent:* M. le député Ritchie.

*Et aussi: Représentant The Canadian Electrical Manufacturers' Association:* MM. K. H. Rapsey, président; T. A. Lindsay, premier vice-président; J. H. Pryce, membre, Division des fils et câbles; W. J. Cheesman, directeur et membre du Comité exécutif; R. Noonan, ancien président; A. F. Johnston, membre du Comité du commerce; R. S. Sukloff, président du Comité des tarifs; A. S. McArthur, membre du

Committee; J. H. Houser, Vice-Chairman, Tariff Committee; R. D. Pollock, Member, Trade Committee; F. G. Samis, General Manager. *From Canadian Westinghouse Co. Ltd.*: Mr. W. J. Cheesman, President. *From Canadian General Electric Company Ltd.*: Mr. J. H. Smith, President.

*Also in attendance*: The same officials as at the morning sitting.

The Committee resumed consideration of the White Paper on Anti-Dumping.

The Chairman introduced Mr. Rapsey, President of The Canadian Electrical Manufacturers' Association, who introduced the representatives of the Association accompanying him, then proceeded to make a brief introduction and summary of their submission.

In accordance with the resolution of October 24, 1968, the submission of The Canadian Electrical Manufacturers' Association and a graph illustrating hypothetically the effects of Dump Pricing were made appendices. (*See Appendices "U" and "V" respectively*).

At 6:08 p.m., following the questioning of the witnesses by the Committee, the Chairman thanked them for appearing and invited Mr. W. J. Cheesman, President of Canadian Westinghouse Co. Ltd., to come forward to make a statement or submission. Mr. Cheesman indicated that most of the points he wished to make had been raised during the previous questioning.

In accordance with the resolution of October 24, 1968, the submission of Canadian Westinghouse Co. Ltd., was made an appendix. (*See Appendix "W"*).

At 6:13 p.m., following very brief questioning by the Committee, the Chairman thanked Mr. Cheesman and invited Mr. J. H. Smith, President, Canadian General Electric Company Ltd., to come forward to present his company's submission.

In accordance with the resolution of October 24, 1968, the submission of Canadian General Electric Company Ltd., was made an appendix. (*See Appendix "X"*).

Comité du commerce; J. H. Houser, vice-président du Comité des tarifs; R. D. Pollock, membre du Comité du commerce; F. G. Samis, gérant général. *De la Canadian Westinghouse Co. Ltd.*: M. W. J. Cheesman, président. *De la Canadian General Electric Company Ltd.*: M. J. H. Smith, président.

*Et aussi*: Les mêmes hauts fonctionnaires que ce matin.

Le Comité reprend l'étude du livre blanc sur l'antidumping.

Le président présente M. Rapsey, le président de *The Canadian Electrical Manufacturers' Association*, qui présente les membres de l'Association qui l'accompagnent avant de résumer et d'expliquer le mémoire de son groupe.

Conformément à la résolution du 24 octobre 1968, on publiera en appendices le mémoire de *The Canadian Electrical Manufacturers' Association* et le graphique illustrant les effets possibles du dumping. (*Voir Appendices «U» et «V» respectivement*).

A 6 h. 08 de l'après-midi, le président remercie les témoins qui ont bien voulu se prêter à une période de questions et invite M. W. J. Cheesman, président de la *Canadian Westinghouse Co. Ltd.*, à venir faire un exposé. M. Cheesman révèle que la plupart des questions qu'il aurait voulu aborder ont été soulevées au cours de la période des questions.

En vertu de la résolution du 24 octobre 1968, on publiera en appendice le mémoire de la *Canadian Westinghouse Co. Ltd.* (*Voir Appendice «W»*).

A 6 h. 13 de l'après-midi, après une brève séance de questions, le président remercie M. Cheesman et invite le président de la *Canadian General Electric Company Ltd.*, à présenter le mémoire de sa société.

En application de la résolution du 24 octobre 1968, le mémoire de la *Canadian General Electric Company Ltd.*, est inséré en appendice. (*Voir Appendice «X»*).



Following a statement by Mr. Smith, and questioning by the Committee, the Chairman thanked Mr. Smith for his appearance.

M. Smith fait un exposé et répond aux questions; le président le remercie.

At 6:23 p.m., the Committee adjourned.

A 6 h. 23 de l'après-midi, le Comité s'ajourne.

*Le secrétaire intérimaire du Comité,*

Timothy D. Ray

*Clerk of the Committee, pro tempore.*

## EVIDENCE

(Recorded by Electronic Apparatus)

Thursday, November 21, 1968

● 0945

[Texte]

**The Chairman:** Gentlemen, we have before the Committee this morning representatives of the Canadian Manufacturers' Association. We will introduce the head of the delegation, Mr. Dobbie, and in turn he will introduce the people with him.

**Mr. George H. Dobbie (President, Dobbie Industries Ltd., Galt, Ontario—Vice-President Canadian Manufacturers' Association):** Thank you Mr. Chairman.

**The Chairman:** I would ask the members and the representatives of the CMA to talk into the microphone, please.

**Mr. Dobbie:** Thank you, Mr. Chairman. I would like to introduce you to our delegation. There is Mr. R. Lang of CMA; next to him is Mr. Bruce R. McPherson, President of The Gibbard Furniture Shops Limited, Napanee; Mr. C. C. Weeks of the Algoma Steel Corporation. Behind me gentlemen is Mr. J. H. Fulcher of James Howden & Parsons of Canada Limited; and Mr. D. H. Jupp of the CMA.

**The Chairman:** Mr. Dobbie has a summary before we start discussing the brief.

**Mr. Dobbie:** Mr. Chairman, speaking on behalf of the Canadian Manufacturers' Association as a whole, and for my colleagues who are with me today, may I express our pleasure at this opportunity of meeting with members of this Committee to review the provisions of the draft Canadian anti-dumping act.

May I first of all compliment the government employees who were responsible for drafting this proposed Bill. They have done an excellent job in transforming into Canadian legislation an international Code which is expressed in broad general terms and which, because of its permissiveness, has given us in industry great concern that our domestic market might be thrown wide open to the dumping of surplus goods from abroad.

[Interprétation]

**Le président:** Messieurs, le comité reçoit ce matin les représentants de l'Association des manufacturiers canadiens. Nous vous présentons d'abord M. Dobbie, le chef de la délégation, qui nous présentera ensuite les membres de la délégation.

**M. George H. Dobbie (président, "Dobbie Industries Ltd.", Galt, Ontario—Vice-président, l'Association des manufacturiers canadiens):** Merci, M. le président.

**Le président:** Je voudrais demander aux membres et représentants de l'AMC de bien vouloir parler dans le microphone.

**M. Dobbie:** Merci, M. le président. Il me ferait plaisir de vous présenter notre délégation. Voici M. R. Lang de l'AMC et puis à côté de lui, M. Bruce R. McPherson, président de *The Gibbard Furniture Shops Limited*, Napanee; et puis M. C. C. Weeks de l'*Algoma Steel Corporation*. Derrière moi se trouvent M. J. H. Fulcher de *James Howden and Parsons of Canada Limited*; et aussi M. D. H. Jupp de l'AMC.

**Le président:** M. Dobbie présentera un résumé avant d'entamer la discussion du rapport.

**M. Dobbie:** Monsieur le président, puis-je vous exprimer, de la part de l'Association des manufacturiers canadiens et de mes collègues qui sont présents ici aujourd'hui, le plaisir que nous procure l'occasion de rencontrer les membres de ce comité afin d'examiner les prévisions du projet de loi sur l'antidumping.

D'abord, je voudrais féliciter les employés du gouvernement qui furent responsables de l'établissement de ce nouveau projet de loi. Ils ont accompli un travail excellent en assimilant à la législation canadienne un code international qui s'énonce en termes généraux et qui, à cause de sa législation facultative, a créé au sein de l'industrie une vive inquiétude à propos de notre marché intérieur qui pourrait se trouver exposé sans protection à l'écoulement de production étrangère.

## [Text]

The new draft Bill does seem to have the necessary teeth in it to deter dumping and to provide the authority for the government administrators to control dumping and apply appropriate measures when dumping takes place. All this is to the good, but I would like to make a special point here. No legislation, no matter how well written, is of any value unless it is properly administered and enforced by competent, experienced personnel who are knowledgeable and dedicated to their task.

We consider it vitally important, too, that, before this legislation goes into effect, the government make a statement re-affirming its policy that anti-dumping duties will be quickly and effectively applied whenever dumping or a threat of dumping is likely to cause injury to Canadian producers.

In our submission of November 8, 1968, to the Committee, we made a number of recommendations which I would like to now briefly summarize.

1. We are pleased that no attempt has been made to define "injury" in the proposed Bill and we strongly recommend that "injury" be not defined in the regulations.

2. We approve of the new procedure which will enable the Deputy Minister of Customs and Excise to promptly impose a provisional duty on dumped imports, but we believe that the full margin of dumping should be levied in all such cases.

3. We are concerned about the problem of retroactivity. While the authority in clause 5 to impose dumping duty is limited to 90 days before provisional duty was first applied, we recommend that study be made of Section 53.56 of the United States Anti-Dumping Regulations which seems to provide a much longer period in which dumping duty may be applied retroactively.

4. We recommend that clause 7 be deleted because authority to exempt goods from the provisions of this proposed Bill is already provided for in the Financial Administration Act.

5. The Association does not believe that an export price constitutes an acceptable value for dumping duty purposes. We, therefore, recommend some consequential changes in wording in clause 9.

• 0950

## [Interpretation]

Il semble que le nouveau projet de loi prévoit les pouvoirs nécessaires afin de contre-carrer l'écoulement de production étrangère au Canada et ainsi que l'autorité nécessaire pour que les administrateurs du gouvernement puissent contrôler le dumping et appliquer les mesures nécessaires en cas de dumping. Tout ceci est de bon augure, mais je voudrais pourtant m'attarder tout spécialement sur un fait. En dépit du fait qu'elle soit bien rédigée, nulle législation n'a de valeur à moins d'être administrée et mise en vigueur comme il faut par un personnel compétent et éprouvé qui fait preuve d'intelligence et de dévouement à sa tâche.

De plus, il est d'importance capitale, à notre sens, que la mise en vigueur de cette mesure soit précédée d'une déclaration du gouvernement réitérant sa politique qui prévoit l'application efficace et immédiate de droits antidumping chaque fois que le dumping porte atteinte ou risque de causer du préjudice aux producteurs canadiens.

Notre mémoire du 8 novembre 1968 renfermait plusieurs recommandations au Comité que nous voudrions résumer brièvement ici.

1. Nous constatons avec plaisir que la loi ne tente pas de définir «préjudice» et nous recommandons fortement qu'on s'abstienne aussi de le définir dans les règlements.

2. Nous approuvons la nouvelle procédure qui permettra au sous-ministre des douanes de frapper de droits provisoires immédiats toute marchandise faisant l'objet de dumping. Or nous estimons que ce devrait être au plein tarif-dumping en pareil cas.

3. La question de la rétroactivité nous préoccupe. L'autorisation dans l'article 5 d'imposer des droits de dumping se limite à une période de 90 jours avant l'imposition initiale de droits provisoires. Nous recommandons donc qu'on prenne connaissance de l'article 53.56 des règlements antidumping des États-Unis où il paraît que la période de rétroactivité prévue est bien plus longue.

4. Nous recommandons la radiation de l'article 7 car l'autorisation de faire des dérogations à cette loi est déjà prévue dans la Loi sur l'administration financière.

5. L'Association ne croit pas qu'un prix d'exportation constitue un critère valable pour l'établissement de droits antidumping. Nous recommandons certains changements fondamentaux dans le libellé de l'article 9.

6. One of the criticisms of our present anti-dumping legislation is that it does not define

6. On reproche à notre loi actuelle de ne pas préciser ce qui constitue un «prix



## [Texte]

what constitutes an "export price." We support the inclusion of clause 10 in the proposed Bill.

7. Clause 13 does not provide any time limit within which the Deputy Minister must either begin or complete an investigation after receipt of a written complaint of dumping. The Association recommends that the proposed Bill specify that an investigation must be instituted within 30 days and be completed, with decisions taken thereon, within 120 days from the date of receipt of a written complaint.

8. We are pleased that the Bill contains provisions whereby appeals may be lodged on the amount of dumping duty levied in any given case.

9. We recommend that clause 30 of the Bill be deleted because we are opposed to the requirement that, before issuing an order or finding, the Tribunal must seek the advice of a panel consisting of the Deputy Ministers of various government departments. We believe that this provision could cause serious delays in decision-making by the Tribunal.

10. We welcome the provisions in clause 29 which authorize the Tribunal to hold hearings in camera and to not disclose information which is given to or elicited by it in confidence.

11. We support the new provision in clause 33 which authorizes the collection of dump duty in appropriate circumstances from the person to whom the dumped goods were sold in Canada. We suggest this clause be amended, or that provision be made in the regulations, whereby exporters would be unable to reimburse importers for any dump duties levied in Canada.

12. We recommend that clause 34 be amended so that an importer will only be considered to have committed an offence when there is evidence of an intent to deceive the Deputy Minister.

13. We are pleased that provision has been made in the new sub-clause 1(a) of clause 7 of the Customs Tariff Act for emergency action to be taken in the case of imports of goods which constitute injury to Canadian producers, but where no dumping has occurred.

Finally, I might state that, while we have been hampered to some extent in preparing our submission to the Committee by the absence of the regulations which are referred to frequently in the proposed Bill, we have had

## [Interprétation]

d'exportation». Nous préconisons que l'article 10 soit incluse dans la loi.

7. L'article 13 ne stipule pas que le sous-ministre doive initier ou compléter son enquête dans un délai précis après réception d'une plainte écrite. Cette association recommande qu'il soit précisé dans la loi qu'enquête soit faite dans les trente jours et que suite y soit donnée dans un délai de 120 jours à compter de la réception d'une plainte écrite.

8. Il nous fait plaisir que la Loi contienne des dispositions en vertu desquelles il sera possible d'avoir recours en ce qui concerne le montant des droits de dumping à payer dans un cas particulier.

9. Nous recommandons que l'article 30 de la Loi soit abrogé parce que nous nous opposons à l'exigence en vertu de laquelle, avant de publier un ordre ou une conclusion, le Tribunal est tenu de demander l'avis d'un comité consultatif formé des sous-ministres de divers ministères. Nous croyons que cette disposition peut donner lieu à de sérieux retards dans les décisions du Tribunal.

10. Nous souscrivons à la disposition de l'article 29 qui prévoit le huis clos pour les auditions qu'accordera le Tribunal. Nous sommes également d'accord avec le fait que les renseignements qui auront été fournis confidentiellement au Tribunal, ou que celui-ci aura obtenus confidentiellement, ne doivent pas être rendus publics.

11. Nous appuyons la recommandation, à l'article 33, qui permet l'application de frais de douane dans le cas des personnes qui ont été victimes de dumping au Canada. Nous pensons que dans le règlement, il faudrait prendre des dispositions qui empêcheraient les exportateurs de rembourser les importateurs de tous frais de dumping perçus au Canada.

12. Nous recommandons que l'article 34 soit modifié de façon à ce qu'un importateur soit considéré comme coupable de délit seulement lorsqu'il sera évident qu'il a essayé de tromper le sous-ministre.

13. Nous sommes heureux de voir que l'on a prévu, dans le nouveau par. 1 A, de l'article 7 sur le Tarif des douanes, qu'une action d'urgence sera prise dans le cas d'importation de marchandises qui pourraient faire du tort aux producteurs canadiens, mais où aucun dumping ne s'est produit.

Finalement, je pourrais dire que nous avons eu quelques difficultés à préparer notre mémoire au Comité, étant donné l'absence des règlements souvent mentionnés dans la Loi. Nous avons jeté un rapide coup d'œil sur les

[Text]

a quick glance at the proposed draft regulations relating to clauses 9 and 10 and find them generally satisfactory. Thank you Mr. Chairman.

**The Chairman:** Thank you Mr. Dobbie. Have you any general comment, gentlemen, before we go through the brief? As you will have noticed the brief is divided into paragraphs? Yes, Mr. Gray?

**Mr. Gray:** Mr. Chairman, I think it should be of interest to the Committee to note that on page 3 of the brief the association has been kind enough to state that it finds the draft Canadian anti-dumping act generally acceptable in that the necessary authority has been provided in the act for the administration to take prompt and effective action when injury or a threat of injury has been caused to Canadian producers.

Also I think those of us who have been working on this Committee for several years might well be gratified by the comments of the Association with respect to the value of studies of this type before this Committee both now and in the past. In that regard, perhaps I might just suggest a clarification. The reference to the brief which the Association submitted in the last Parliament on the Kennedy Round was not to a similar standing committee, it was to this Committee.

**Mr. Dobbie:** This is right.

**Mr. Gray:** Yes, although of course there is some change in membership because of the results of the last election. Thank you Mr. Chairman.

**The Chairman:** Yes, Mr. Lambert.

**Mr. Lambert:** I would suggest that while there was a beautiful bouquet though I think perhaps the Association underestimates the validity of some of its observations, because either inferentially or otherwise they join up with some of the other more pertinent criticisms of details of the act. I do not think anybody has complained about the general purpose of the act but there are certain areas on which I think we will want to question them. I think their thinking will be in line with the chemical producers and the textile producers too.

**The Chairman:** Mr. Lambert, have you seen anything presented by human beings that was not criticized in one way or another?

**Mr. Lambert:** No, but—

[Interpretation]

règlements proposés relativement aux articles 9 et 10, et nous les avons trouvés satisfaisants d'une façon générale.

Merci monsieur le président.

**Le président:** Messieurs, avez-vous des commentaires avant que nous abordions le mémoire? Vous savez que le mémoire est divisé par article. M. Gray, vous avez la parole.

**M. Gray:** Monsieur le président, je pense que le Comité serait intéressé de noter qu'à la page 3 du mémoire, l'Association a eu la bonté de dire qu'elle trouve le projet de loi sur l'antidumping généralement satisfaisant. On prévoit une certaine autorité pour que l'administration prenne des mesures rapides et efficaces lorsqu'un tort ou une menace de tort est causée à des producteurs canadiens. Je pense qu'il faut remercier l'Association. Cela vaut la peine de faire de telles déclarations au Comité.

Je pourrais peut-être demander que l'on explique certaines choses dans le mémoire soumis par l'Association au dernier Parlement, au sujet du «Kennedy Round». C'est à ce Comité que le mémoire a été présenté.

**M. Dobbie:** Oui, c'est exact.

**M. Gray:** Oui, même s'il y a eu un changement de députés depuis la dernière élection.

**Le président:** Monsieur Lambert, vous avez la parole.

**M. Lambert (Edmonton-Ouest):** Même si c'était bien fait, je pense que l'Association sous-estime la validité de certaines de ses remarques, parce que, soit par déduction ou soit autrement, elles rencontrent les vues de critiques plus pertinentes sur des détails de la Loi. Je pense que personne ne s'est plaint de l'intention générale de la Loi. Mais il y a certainement des secteurs qui méritent des explications. L'Association rejoindra probablement la ligne de pensée des producteurs chimiques et des producteurs de textiles.

**Le président:** M. Lambert, avez-vous déjà vu quelque chose présenté par des êtres humains sans être critiqué?

**M. Lambert:** Non, mais...



[Texte]

● 0955

**The Chairman:** Maybe I should not have mentioned that, I may open another discussion. Yes, Mr. Hales.

**Mr. Hales:** Mr. Chairman, I noticed in the opening remarks of Mr. Dobbie that the act is only going to be as successful as it is administered. I know that Mr. Hind has told other delegations what they propose to do in the line of administration and it may not be amiss at this time to have them re-emphasize what they propose to do with regard to administering this act.

**Mr. A. R. Hind (Assistant Deputy Minister, Department of National Revenue (Customs and Excise)):** Mr. Chairman, the Department of National Revenue is satisfied as to the intent of the proposed legislation. We are prepared to do our best to give the various provisions quick and effective implementation. Towards this end we have for the first time in a long time managed to bring our valuation staff up to strength, so we have in place now a body for each position.

Second, we have seen fit to beef up our foreign posts in the sense that we have sent over on a permanent basis additional officers to various of our posts in foreign countries.

Third, we have opened this year one new office in the United States which is now completely operational.

Fourth, we intend to open still another office next year with a view to enabling us to move quickly and effectively.

In another area, we feel, should we be pressed and more work come in than we expect, that we have various pools from which we can draw personnel to assist on a temporary basis certainly, and if necessary a permanent basis.

We have tried to anticipate how much additional work this new legislation will cause. This is very difficult because certain new features have been added, and rather than arbitrarily taking on an additional number of bodies when we do not know whether we will require all these people on a permanent basis we have made the best "estimate" we could. We have these people in place, we think that we can carry out our function with the staff we have, and as I said before, we do have various sources from which we can draw if we find this is necessary.

**Mr. Lambert:** I would refer to paragraph 3 of the brief if I may in order to follow along, if there are no general comments.

[Interprétation]

**Le président:** Je n'aurais pas dû mentionner cela. Ce serait passer à un autre sujet. M. Hales.

**M. Hales:** Monsieur le président, dans ses observations d'introduction, M. Dobbie dit que la Loi ne réussira que dans la mesure où elle est bien administrée. Je sais que M. Hind a dit à d'autres délégations ce qu'ils avaient l'intention de faire sur le plan de l'administration. Peut-être qu'on pourrait insister de nouveau sur ce que l'on se propose de faire en ce qui a trait à l'administration de la Loi.

**M. Hind (sous-ministre adjoint, ministère du Revenu national):** Monsieur le président, le ministère du Revenu national est satisfait quant au but de la mesure législative proposée. Nous sommes prêts à mettre en vigueur rapidement et efficacement les dispositions visées par cette mesure. Pour la première fois depuis bien longtemps, nous avons réussi à remplir nos cadres. Ce qui veut dire, que, dans le moment, chaque poste est rempli.

Deuxièmement, nous avons jugé opportun de renflouer nos postes étrangers, en ce sens que nous avons envoyé, sur une base permanente, de nouveaux agents dans différents postes canadiens dans les pays étrangers.

Troisièmement, cette année, nous avons ouvert un nouveau bureau aux États-Unis et celui-ci fonctionne, dans le moment, à pleine capacité.

Quatrièmement, nous avons encore l'intention d'ouvrir un autre bureau l'an prochain, afin de pouvoir agir rapidement et efficacement.

Dans un autre secteur, nous trouvons que, si nous étions pressés et si d'autre travail nous était proposé, nous pourrions trouver facilement du personnel qui nous aiderait sur une base temporaire certainement et, si nécessaire, sur une base permanente.

Nous avons essayé de prévoir combien de travail supplémentaire visera cette nouvelle Loi. C'est très très difficile à évaluer, étant donné que certains nouveaux traits ont été ajoutés, plutôt que d'entreprendre, de façon arbitraire, d'engager plus de personnel, sans savoir exactement si nous aurons besoin de tous ces gens-là sur une base permanente.

Nous avons essayé de prévoir le mieux possible. Ces gens sont disponibles pour toute éventualité. Nous pensons pouvoir nous acquitter de nos fonctions avec l'effectif actuel. Comme je l'ai déjà dit, nous avons différentes sources d'où nous pouvons obtenir du personnel, si nécessaire.

**M. Lambert:** J'aimerais poursuivre à l'article 3, s'il n'y a pas de commentaire général.



[Text]

**The Chairman:** Yes, then we will return to paragraph 2 because we begin with paragraph 2. Are we finished with general comments gentlemen?

**Mr. Lambert:** No, I have nothing on paragraph 2.

**Mr. Saltzman:** I want to ask a question on paragraph 2, if I might. Before doing so I would like to bring to the Chair's attention that the riding of Waterloo is well represented here today through the presence of two distinguished industrialists, Mr. Dobbie and Mr. Rapsey.

In paragraph 2, the position taken by the Association seems to be somewhat different from the position taken by other groups that have appeared before us in that the Association is pleased that the definition of injury has not been spelled out too specifically.

• 1000

I would like to ask Mr. Dobbie what the reasoning of the Association is in this regard.

**The Chairman:** Mr. Dobbie.

**Mr. Dobbie:** Mr. Saltzman, I may make a slightly longer answer on this question than perhaps I should.

We feel that in a Bill such as this as opposed to dealing in tariff matters where you are dealing with specific industries, anti-dumping cuts across the fabric of all Canadian industry.

Therefore, it is of overriding importance, you could call it of even more importance in some connections than tariffs. If the anti-dumping Regulations are lax and let goods into this country which should not come in without duties, you are hurting or could conceivably hurt every Canadian industry. This is a very serious problem.

The people of Canada through the government are 50 per cent partners in every business in Canada that is a profitable one, therefore, we think the people of Canada are vitally concerned because if the industry is not healthy in Canada, obviously the people are not healthy and the economy is not healthy.

Therefore, we feel that any government must administer in the national interests an anti-dumping law to the hilt. We say this should not be spelled out with the "i's" dotted and the "t's" crossed. This discretionary power must be left with the government.

[Interpretation]

**Le président:** On abordera la question lorsqu'on aura étudié l'article 2. Avez-vous d'autres commentaires, messieurs?

**M. Lambert:** Non, pas sur l'article 2.

**M. Saltzman:** J'aimerais poser une question sur l'article 2. Auparavant, j'aimerais porter à votre attention que la circonscription de Waterloo est bien représentée, aujourd'hui, par la présence de deux industriels, M. Dobbie et M. Lang.

À l'article 2, la position de l'Association semble différer quelque peu de celle qui a été adoptée par d'autres groupes qui ont témoigné devant le Comité. L'Association déclare qu'elle est heureuse de voir que la définition du mot «préjudice» n'a pas été explicitée davantage.

Je voudrais demander à M. Dobbie quel est le raisonnement exact de l'association à cet égard?

**Le président:** Monsieur Dobbie, je vous en prie.

**M. George H. Dobbie:** Monsieur Saltzman, ma réponse sera peut-être plus longue qu'elle ne devrait.

Nous estimons que dans une mesure législative comme celle-ci par opposition aux mesures législatives concernant spécialement une seule industrie, dans ce cas-ci, la loi de l'anti-dumping concerne toute l'industrie canadienne.

Par conséquent, c'est une loi d'une importance primordiale et je dirais même qu'elle est de plus d'importance dans un sens, que celle des tarifs; il serait donc désastreux que les règlements antidumping soient lâches et laissent entrer des biens dans ce pays qui ne devraient pas y pénétrer sans être frappés de droit d'entrée, parce que de cette manière, vous pouvez nuire à beaucoup d'industries canadiennes. Le problème est très sérieux.

La population canadienne, par l'intermédiaire du gouvernement, est associée à 50 p. 100 dans toute entreprise rentable au Canada. Par conséquent, nous trouvons que la population canadienne est directement concernée, parce que si on nuit à l'industrie au Canada, évidemment ceci nuit aussi à la population et à l'économie.

C'est pourquoi nous pensons que tout gouvernement doit administrer, dans l'intérêt national, une loi antidumping ferme et c'est pourquoi nous disons qu'il ne faut pas fendre les cheveux en quatre mais laisser des pouvoirs discrétionnaires au gouvernement.

[Texte]

**Mr. R. Lang (Manager, Tariff Department, Canadian Manufacturers' Association):** Mr. Chairman, possibly I might add to that answer.

This matter was given very careful thought in a Tariff Committee of the Association and it was felt that no definition could be devised which would cover all the possible cases of injury.

In one idle moment I tried to set down for my own edification some of things which might enter into this question of injury and the result was some 18 points which, if you are agreeable, I would be glad to just mention.

**Mr. Gray:** I suppose if your 18 points were written into the law the first case before the Tribunal would cover a nineteenth which was not mentioned.

**Mr. Lang:** This is the point of what I was trying to say. You cannot possibly cover everything that might constitute injury to a Canadian producer.

**The Chairman:** Gentlemen, I would ask the indulgence of the representatives of CMA while the Committee conducts some official business.

Since Mr. Gillespie was temporarily off the Committee, I will receive a motion to re-elect Mr. Gillespie or someone else as Vice-Chairmen. As you are aware, he was away on a trip to Brussels to attend a NATO meeting and at the moment we have no Vice-Chairman of our Committee.

[See Minutes of Proceedings]

I would also like a motion that the briefs of those organizations which have indicated that they do not wish to appear in person before the Committee be printed as an Appendices to the *Minutes of Proceedings and Evidence*.

• 1005

**Mr. Hales:** I so move.

**Mr. Comtois:** I second the motion.

**Mr. Gray:** I do not know if this requires a motion, but I suggest it be understood that if the officials wish to submit comments on any of these briefs, and I refer to briefs for which people are not going to appear, they should be entitled to have their comments appear in written form along with the appended briefs.

**The Chairman:** You mean the government officials?

**Mr. Gray:** It may be that they would like to submit comments in written form on the

[Interprétation]

**M. R. Lang (gérant, division des tarifs, l'Association des manufacturiers canadiens):** Monsieur le président, je pourrais peut-être ajouter ceci: On a sérieusement étudié cette question au sein du comité tarifaire de l'association des manufacturiers canadiens, et on s'est aperçu qu'aucune définition ne couvrirait tous les aspects du mot tort.

A un moment donné, j'avais quelques moments de répit et j'ai essayé d'énumérer certaines situations où il y a du tort causé. Et, j'ai finalement trouvé une liste de 18 points. Et, si vous le voulez, je serais heureux de vous en faire l'énumération.

**M. Gray:** Je suppose que si on inscrit vos 18 points dans la loi, le premier cas à passer en cour découlera d'un dix-neuvième point.

**M. Lang:** Vous avez raison, il est impossible d'énumérer tout ce qui peut faire tort aux entreprises canadiennes.

**Le président:** Messieurs, je présente des excuses aux représentants de l'A.M.C. et je demande des résolutions sur les questions suivantes.

Étant donné que M. Gillespie était absent, je demande une motion pour le réélire, lui ou un autre, parce que, comme vous savez, il était à Bruxelles à une réunion de l'OTAN et pour le moment, nous n'avons pas de vice-président du Comité.

[Voir procès-verbaux]

La deuxième est la suivante: que les mémoires des organisations non représentées par quelqu'un devant le Comité soient ajoutés en annexe aux *procès-verbaux* et témoignages.

La résolution est proposée par M. Hales appuyé par M. Comtois.

**M. Gray:** Je ne sais pas si une résolution est nécessaire, mais j'ai cru comprendre que certaines organisations voulaient déposer leurs mémoires sans être représentées. Je pense que si ces personnes ne peuvent pas déposer, les officiels du gouvernement devraient être autorisés à publier leurs commentaires avec...

**Le président:** Vous voulez dire des commentaires de la part des fonctionnaires du gouvernement.

**M. Gray:** Oui, peut-être voudraient-ils présenter des commentaires écrits sur les mémoi-



[Text]

briefs which will not be presented in person. I think it should be understood that they will have the opportunity to do so, if they wish to bring this information to the Committee's attention.

**The Chairman:** Yes, if they could submit them in writing or when they appear again before this Committee they could express their views on the briefs which will be appended. Is this agreeable, Mr. Arthur and Mr. Hind?

**Mr. Arthur (International Economic Relations Division, Department of Finance):** Yes, sir.

**The Chairman:** Are there any other questions, gentlemen, on page 3 of the brief which deals with Clause 2—when I say Clause 2, I mean of the White Paper.

**Mr. Lambert (Edmonton West):** No, no. Clause 2 referred to in the brief. I am sorry, yes, that is all right.

**The Chairman:** Of the White Paper.

**Mr. Lambert (Edmonton West):** They refer to it in the brief.

**The Chairman:** On page 3 of the brief they refer to Clause 2 of the White Paper which you will find on page 40 of the White Paper. If there are no other questions, we will move to page 4 of the brief dealing with Clause 3 of the White Paper which you will find at page 44.

**Mr. Lambert (Edmonton West):** Mr. Chairman, it seems to me that one thing we must not develop in the administration of anti-dumping is a practice whereby importers and businessmen in this country could be terrorized by the threat of proceedings through the Anti-dumping Tribunal. I think this is perhaps implicit in the second sentence of the comment, as follows:

Our experience has been that when an importer realizes that he is going to be assessed dumping duty in addition to the regular duty payable on the imported goods, he discontinues purchasing any further goods from the same supplier at the...

—here it is said—  
dumped price.

That last phrase I would suggest is presupposing. I think the "alleged dumped price" would be better.

Canadian manufacturers have been terrorized in this way in exporting to the United States. May I say I would hope that we would

[Interpretation]

res qui ne seront pas présentés verbalement. Et je pense qu'il serait bon de prévoir qu'ils auront l'occasion de soumettre leurs commentaires au Comité de cette manière.

**Le président:** En effet, ou bien ils pourront le faire lorsqu'ils reviendront devant le Comité. Ils pourront dire ce qu'ils pensent des mémoires qui seront déposés, qui seront annexés au *procès-verbaux* et témoignages. D'accord?

**M. Arthur:** Oui, monsieur.

**Le président:** Messieurs, auriez-vous d'autres questions sur l'article 2, page 3 du mémoire, c'est-à-dire, article 2 du Livre blanc.

**M. Lambert (Edmonton-Ouest):** Non, non, article 2 du mémoire.

**Le président:** Du Livre blanc.

**M. Lambert (Edmonton-Ouest):** Article mentionné dans le mémoire, d'accord.

**Le président:** L'article 2 en question se trouve à la page 40 du Livre blanc. Si vous n'avez pas de questions, nous passerons à la page 4 du mémoire, traitant de l'article 3, à la page 44 du Livre blanc du gouvernement.

**M. Lambert (Edmonton-Ouest):** Monsieur le président, je pense que dans l'élaboration de la loi de l'antidumping, nous ne devons pas terroriser les importateurs ou les hommes d'affaires par la menace d'une procédure devant le tribunal antidumping. Je pense que cette crainte existe et qu'elle se trouve d'une manière implicite. Dans la deuxième phrase du commentaire qui se lit comme suit:

L'expérience nous a appris que lorsqu'un importateur se rend compte qu'il aura à payer des droits de dumping en plus des droits qu'il paie ordinairement sur les marchandises importées, il cesse d'acheter du même fournisseur, à des prix de dumping, toute autre marchandise.

A des prix de dumping, je répète. Je crois que cette dernière expression «prix de dumping» est préférable mais je ne vois pas comment. Les manufacturiers canadiens craignent d'exporter aux États-Unis à cause d'un tel système; j'espère que nous n'allons pas nous en donner un aussi.

Vous allez comprendre: par exemple, l'Association des manufacturiers canadiens n'est pas dans la même position que l'Association



[Texte]

not set up a similar pattern. I think you can readily understand this. Perhaps the Canadian Manufacturers' Association are not in the same position as, say, the Canadian Importers Association or a Canadian manufacturer could be terrorized into this if he is importing a component and a competitor files a complaint. Just where do you stand and what is the reaction?

**Mr. Dobbie:** I think we are trying to say here that if the importer knows he is bringing in goods at dumped prices and he has been caught and had to pay a fine, he is less likely to do it a second time.

**Mr. Lambert (Edmonton West):** I think that is self-evident, but what I am talking about is something that is very practical.

Take, for example, a Canadian manufacturer of some large equipment who regularly brings in components and his competition may suspect a dump or make an allegation of dump in order to complicate his operation.

• 1010

Frankly, I can see this happening regularly and this is something that is going to have to be guarded against because there is no penalty against a person who files, shall we say, a frivolous complaint.

**Mr. Dobbie:** I do not think it is spelled out, but I get the impression that it is almost implicit that most of the complaints are going to be on an industry basis. I do not think under the proposed Bill you should get frivolous complaints by any means.

**Mr. Lang:** I think there is less chance under this new Bill for that to happen than there is under the current legislation because under the current legislation all complaints are kept confidential, although it is the practice of the Department of National Revenue to notify an importer when a complaint has been lodged against him. So in that regard he is, at least, on notice that perhaps there is something wrong or perhaps he is doing something wrong and, therefore, he should be careful and review his own position in order to make certain that he is not contravening the present legislation.

**Mr. Lambert (Edmonton West):** Well, there I find myself, shall we say, at odds. My interpretation of this—I am subject to correction—is that there is provision here whereby the complainant does not have to be disclosed because in today's complex organization of business he may be complaining against one of his own customers. Therefore, he might want confidentiality.

[Interprétation]

des importateurs canadiens, ou bien, un fabricant canadien pourrait être terrorisé aussi, s'il importe un élément de production et qu'un concurrent dépose une plainte. Quelle est votre position?

**M. Dobbie:** Je pense que ce que nous essayons de dire ici, c'est que si l'importateur sait qu'il importe à des prix de dumping, et qu'il a dû payer l'amende il va hésiter à recommencer.

**M. Lambert (Edmonton-Ouest):** Oui, je pense que c'est bien évident, mais je vous parle de quelque chose de très pratique.

Prenons un manufacturier canadien d'équipement lourd, obligé d'importer des éléments, des pièces; son concurrent peut le soupçonner d'acheter à des prix de dumping, ou peut l'accuser sur un soupçon simplement pour compliquer ses affaires.

Je vois facilement la chose se produire, et je pense qu'il va falloir prendre des mesures pour prévenir les cas où il y aurait des plaintes, des réclamations lancées en l'air.

**M. Dobbie:** J'ai l'impression que c'est presque implicite, même si ce n'est pas dans le texte, que la plupart des réclamations émaneront d'une industrie en général. Je ne pense pas que d'après le Livre blanc vous allez recevoir des réclamations plus ou moins justifiées ou lancées à la légère.

**M. Lang:** Au terme de cette nouvelle loi, je pense qu'il y a moins de risques que ceci se produise qu'il n'y en a d'après la mesure actuelle. D'après la loi actuelle, toutes les réclamations sont quand même confidentielles. Mais lorsqu'un importateur fait l'objet d'une réclamation, le ministère du Revenu national l'en prévient de sorte qu'il sait qu'il fait peut-être quelque chose d'incorrect et qu'il devrait faire attention et reviser sa propre position pour s'assurer qu'il n'enfreint pas la loi actuelle.

**M. Lambert (Edmonton-Ouest):** Alors il y a une contradiction dans mon interprétation. Corrigez-moi si je me trompe mais il me semble qu'on dit ici qu'il n'est pas nécessaire de révéler la source de la réclamation. En effet il peut arriver dans l'organisation très complexe des affaires aujourd'hui que la réclamation soit dirigée contre un de ses propres clients. Par conséquent, on veut sauvegarder l'aspect confidentiel...

[Text]

**Mr. Lang:** On the other hand, if he is importing components he is not likely to be a customer.

**Mr. Lambert (Edmonton West):** This point was made before us at an earlier meeting and I made this statement as an observation. Possibly in the manufacturing business there would not be any frivolous complaints, but where it is a little more cutthroat, shall we say, among the one-shot importers, you know, somebody might just make a complaint on a general basis.

This may work out by experience, but I certainly hope, if there is a tendency, that the administrators of this proposed Bill would be cognizant of it and then in some way we might be able to deal with that sort of practice.

**Mr. Lang:** Under the proposed Bill the fact that not only does the Department of National Revenue have to investigate to determine whether dumping occurs, the Tribunal must also be satisfied that injury is being caused to the complainant and to that industry, it is going to be rather difficult for a frivolous complaint to be lodged that could satisfy the Tribunal that injury has been caused.

**Mr. Lambert (Edmonton West):** I do not think you are quite following the point. I think that you do it deliberately in order to embarrass your competitors.

If you are an importer—either in manufacturing or in distribution—and somebody has filed a complaint against you—against that particular price—you are going to have to be very careful. Either you are going to reduce or eliminate your importation or you are going to have to enter into some sort of adjustment on your price with your customers in order to protect yourself.

**Mr. Lang:** Perhaps the Department of National Revenue can give us an indication of the number of frivolous complaints that have been lodged in the past. It might give us an idea but certainly, to the best of my knowledge and experience, they were few and far between.

• 1015

**The Chairman:** Did Mr. Hind catch the question from Mr. Lang?

**Mr. Lang:** My question dealt with whether or not there are a large number of so-called frivolous complaints.

[Interpretation]

**M. Lang:** De toute façon s'il importe des éléments, il n'est probablement pas un client.

**M. Lambert (Edmonton-Ouest):** Oui, cet argument nous a été présenté et ce que je vous dis là c'est simplement une observation. Je ne parle pas de réclamations lancées à la légère dans le commerce manufacturier mais, par exemple, lorsqu'il s'agit de domaines où la concurrence est acharnée, les «one-shot importers», etc. vous comprenez? alors que quelqu'un fait une réclamation de nature générale.

L'expérience nous permettra peut-être de nous adapter mais j'espère que s'il y a une tendance dans ce sens l'administrateur de la loi sera au courant et qu'il y aura moyen, d'une façon ou d'une autre, de prendre la situation en main.

**M. Lang:** Dans la nouvelle loi, non seulement le Ministère du Revenu national doit faire enquête et décider s'il y a eu dumping ou non, mais aussi le tribunal doit être certain qu'il y a eu préjudice au plaignant et à l'industrie, de sorte que cela rendra assez difficile une réclamation faite à la légère.

**M. Lambert (Edmonton-Ouest):** Je pense que vous ne suivez pas mon raisonnement. Je pense à ceux qui pourraient délibérément faire une réclamation pour ennuyer le concurrent.

Si vous êtes un importateur—que vous soyez fabricants ou distributeurs—il faut que vous fassiez très attention parce qu'un concurrent peut se plaindre au sujet de vos prix et alors, vous devrez réduire ou supprimer vos importations, ou bien vous allez devoir ajuster les prix consentis à votre clientèle dans le but de vous protéger.

**M. Lang:** Le Ministère du Revenu national pourrait peut-être nous donner une indication du nombre de réclamations faites à la légère par le passé. Cela pourrait nous donner une bonne idée de quoi il retourne ici, mais au meilleur de ma connaissance et de mon expérience, il y en a eu très peu et elles se sont présentées très rarement.

**Le président:** Monsieur Hind a-t-il compris la question de monsieur Lang.

**M. Lang:** On parle de réclamations plus ou moins lancées à la légère. . .



[Texte]

**Mr. Lambert (Edmonton West):** Not so much the word "frivolous" if I may say, but not well founded.

**Mr. Hind:** Mr. Chairman, we have been under some criticism on a number of scores, among other things, that there have been rather unnecessary delays in our activities. As a result of this we made a study over a six-month period. We turned up some very interesting information.

Firstly, and in view of the fact that the Deputy Minister must make a final determination within 90 days, we took the period of 90 days as our anchor point. We found that in this six-month period the Department received 148 complaints. Of the 148 complaints we concluded finally 80 per cent of those complaints within the ninety-day period. Now, one might say, why did you not conclude the other 20 per cent? The reason for that is that under the existing legislation there is not the same necessity for speed that there is under the proposed bill in the sense that we put the importer on notice and once we have told him we have started an investigation under the existing Act we can go back and pick up the first importation and all subsequent importations.

However, I would like to emphasize that even though there was no necessity for us to move quickly under the existing Act we did, indeed, complete 80 per cent of these cases within a three-month period.

I will now deal specifically with Mr. Lang's point, in respect of these 148 cases that we received, 61 per cent of them were found to be absolutely unwarranted. In other words, we did not find any dumping.

In my view this is a waste of money and resources. This is why I feel that the Deputy Minister under the proposed Bill is going to have to be very careful in scrutinizing complaints when they come in to see that they are justified.

Therefore, I would urge every one who feels like making a complaint that he restrict himself to those cases where he feels that there is a likelihood that the Deputy Minister will find not only dumping, but injurious dumping. To the extent that we receive cases that should never come to us, our time is going to be wasted and we will not be able to give attention to those cases that should be examined.

**The Chairman:** Are there any comments from the representatives of The Canadian Manufacturers' Association on that?

[Interprétation]

**M. Lambert (Edmonton-Ouest):** Il ne s'agit pas tellement de réclamations lancées à la légère mais plutôt de réclamations mal fondées.

**M. Hind:** Monsieur le président, nous avons été critiqués pour bien des choses, entre autres, on nous a reproché des retards plus ou moins nécessaires dans nos activités, ce qui nous a conduit à mener une enquête répartie sur une période de six mois. Nous avons découvert des renseignements extrêmement intéressants.

Premièrement, étant donné que le sous-ministre doit se décider en l'espace de 90 jours, nous avons considéré que cette période de 90 jours était notre barème. Pendant une période de six mois, le ministère a reçu 148 réclamations. Nous avons réglé 80 p. 100 de ces réclamations dans la période de 90 jours. Vous allez demander pourquoi pas le reste? Nous vous répondrons que d'après la mesure législative actuelle, ce n'est pas aussi nécessaire de le faire qu'aux termes de la nouvelle loi, dans ce sens que dès qui nous avons averti l'intéressé, dès que nous l'avons prévenu qu'une enquête est en cours, aux termes de la mesure législative actuelle, nous pouvons agir rétroactivement et nous occuper de la première importation et de toutes les autres subséquentes.

Mais j'insiste sur le fait que même si ce n'était pas nécessaire d'accélérer les choses d'après la loi actuelle, en fait nous avons terminé 80 p. 100 de ces cas dans une période de trois mois.

Pour en venir spécifiquement à l'argument de M. Lang, au sujet de ces 148 réclamations qui ont été présentées, 61 p. 100 n'était pas justifié, dans le reste des cas, il n'y avait pas de trace de dumping.

D'après moi, c'est une perte d'argent, et de ressources. C'est pourquoi j'estime que le sous-ministre aux termes de la nouvelle loi devra faire très attention dans son examen des plaintes et veiller à ce qu'elles soient justifiées.

De plus je demande instamment à toutes les personnes qui auraient l'intention de présenter des réclamations de se limiter aux cas qui vraisemblablement seront considérés comme étant non seulement du dumping, mais du dumping qui cause préjudice par le sous-ministre. Des cas nous ont été présentés qui n'auraient jamais dû l'être et tant que ceci se produira, nous allons perdre notre temps et nous n'avons pas la chance d'étudier les cas qui le méritent.

**Le président:** Avez-vous des commentaires? Des commentaires de l'Association canadienne des manufacturiers?



[Text]

**Mr. Trudel:** Mr. Chairman, may I ask a question of Mr. Hind? In your survey, Mr. Hind, did you have a breakdown of the various industries that were lodging the complaints?

**Mr. Hind:** Mr. Chairman, no, sir. We only had general figures. We took the total complaints received and we examined the length of time it took us to conclude them on a whole basis rather than any breakdown. I am sorry, I do not have a breakdown for you.

**The Chairman:** Gentlemen, we will now move on to paragraph 4. As you are aware, clauses 3 to 12 in the White Paper deal with Liability for Anti-Dumping Duty. The next paragraph makes reference to clause 4 of the White Paper.

**Mr. Harkness:** Mr. Chairman, I previously brought up this matter of the provisional duty and that the final duty could not be more than the provisional duty. I note you recommend the deletion of the clause that says:

...but not exceeding the provisional duty, if any, payable in respect of the goods.

I think the Department of National Revenue officials, at the time, stated that the provisional duty put on would always be appreciably high so that there would be no danger. However, you do not share that view, I take it, and I wonder if you could just elaborate a bit on what you think is likely to be the situation under the clauses advanced.

● 1020

**Mr. Lang:** It is very difficult to forecast just what is going to happen in a case of this kind. Now the Deputy Minister may be quite satisfied from the evidence presented to him that not only is there dumping but injury is being caused, but to attempt to determine what amount of provisional duty may be imposed is a matter of judgment. The point we are really making here is that the clause as it is presently worded almost makes it necessary for the Deputy Minister to put on a relatively high provisional duty. By the deletion of those words he could put on what he considers a fair or reasonable provisional duty, and if he finds that is lower than the actual amount of dumping discovered then he can assess the actual amount of dump. The provisional action really is a holding action you might say, pending final decision.

At the present time the Department has no authority really to impose a provisional duty so it waits until the investigation is complet-

[Interpretation]

**M. Trudel:** Je voudrais poser une question à M. Hind. Dans votre enquête, monsieur Hind, avez-vous le détail des différentes industries qui présentaient des plaintes?

**M. Hind:** Non, nous n'avons que les chiffres généraux. Nous avons pris le nombre total des plaintes et nous avons tenu compte du temps requis pour toutes les régler. Je regrette de ne pouvoir vous donner ces détails.

**Le président:** Messieurs, nous passerons donc au paragraphe 4, articles 3 à 12 du Livre blanc dans lequel on parle des droits anti-dumping. On se réfère à l'article 4 du Livre blanc. Monsieur Harkness.

**M. Harkness:** J'ai déjà parlé des droits provisoires et des droits définitifs qui ne doivent pas être plus élevés que les droits provisoires. Je remarque que vous recommandez de rayer la disposition suivante:

mais n'excédant pas le droit temporaire, s'il en est, payable pour ces marchandises.

Je crois qu'à ce moment-là, les fonctionnaires du ministère du Revenu national ont dit que les droits de douanes provisoires seraient suffisamment élevés, mais je ne pense pas que vous partagiez cet avis, et j'aimerais que vous nous expliquiez un peu plus longuement ce que vous semble être cette situation.

**M. Lang:** Il est très difficile de prévoir ce qui arrivera dans un cas de ce genre. Le sous-ministre est peut-être satisfait des témoignages qui lui ont été présentés, non seulement au sujet du dumping mais aussi de ses effets nuisibles. Mais de là à essayer de dire quelle est la somme des droits de douanes provisoires qui devrait être imposée, je pense que c'est une question de jugement et l'article impose d'une certaine façon au sous-ministre d'imposer des droits de douanes provisoires assez élevés. En supprimant ces mots il pourrait mettre des droits provisoires justes et raisonnables, mais, si c'est plus faible que le montant du dumping, alors, il peut évaluer la somme totale. Ce n'est qu'un dépôt en somme, en attendant le paiement final.

A l'heure actuelle, le ministère n'a aucune autorité pour s'opposer au droit provisoire, alors, il faut attendre que l'enquête soit ter-

[Texte]

ed. Then when it does find dumping it imposes the full amount. Really what we are asking for here is that there should be no change in that. If dumping takes place the importer should pay the full amount.

**Mr. Harkness:** Well I share that view and I would like to ask Mr. Arthur or Mr. Hind whether the Code requires that a clause of this sort be in.

**The Chairman:** Mr. Arthur.

**Mr. Arthur:** Mr. Chairman, the concept of retroactivity is a special feature of the Code, and the norm that is envisaged in the Code is that dumping duties are not to be applied until a decision has been made of dumping or injury.

Mr. Chairman, I would refer you to Article 11, pages 21 and 22 of the White Paper, the Article begins:

Anti-dumping duties and provisional measures shall only be applied to products which enter for consumption after the time when the decision taken under...

... The Articles related to normal value and export price. And then it goes on to say:

If the anti-dumping duty fixed in the final decision is higher than the provisionally paid duty, the difference shall not be collected. If the duty fixed in the final decision is lower than the provisionally paid duty or the amount estimated for the purpose of the security, the difference shall be reimbursed...

...and so on.

It is the view of our draftsmen, Mr. Chairman, that the wording at the end of clause 4 of the proposed Bill is in keeping with the obligations of this particular Article of the Code. It is for that reason, sir, that this suggestion is one I do not believe could be met.

**The Chairman:** Are there any comments from the members of the CMA group on Mr. Arthur's reply to your suggestion that these words should be deleted?

Have you any other questions, gentlemen, on that paragraph? If not, we will deal with the first paragraph of page 5 that deals with clause 5 of the White Paper.

**Mr. Hales:** This would be a rather worthwhile suggestion the Association is making

[Interprétation]

minée et, lorsqu'on découvre qu'il s'agit de dumping, on impose la somme totale. Il ne devrait pas y avoir de changement. S'il y a du dumping, l'importateur devrait payer la somme totale.

**M. Harkness:** Je partage cette opinion et je voudrais demander à MM. Arthur et Hind, si le code exige qu'un article de ce genre soit inclus dans la Loi?

**Le président:** Monsieur Arthur.

**M. Arthur:** Monsieur le président, le concept de la rétroactivité est une caractéristique spéciale du code et, les normes envisagées dans le code font que les droits de douanes ne doivent pas s'appliquer tant qu'on n'a pas décidé s'il s'agit de dumping ou non.

Monsieur le président, je vous réfère à l'article 11, pages 21, 22 du Livre blanc. L'article dit:

Des droits antidumping et des mesures provisoires ne seront appliqués qu'à des produits mis à la consommation après la date à laquelle la décision prise conformément ...

... les articles se rapportant à la valeur normale et au prix d'exportation. Ensuite, on dit:

Si le droit antidumping fixé par la décision finale est supérieur au droit acquitté à titre provisoire, la différence ne sera pas perçue. Si le droit fixé par la décision finale est inférieur au droit provisoirement acquitté ou au montant évalué pour la fixation de la garantie, la différence sera restituée ou le droit recalculé, selon le cas.

Selon ceux qui ont rédigé le Livre blanc, la rédaction et la fin de l'article 4 du projet de Loi proposé tiennent compte de cet article du code. Et c'est pour cette raison, monsieur le président, que je ne pense pas que la suggestion sera acceptée.

**Le président:** Y a-t-il des commentaires de la part des représentants de la Canadian Manufacturers' Association au sujet de la réponse de M. Arthur à votre suggestion de supprimer ces mots? Merci, monsieur Arthur.

Avez-vous d'autres questions à poser, messieurs, sur ce paragraphe? Sinon, nous passerons à la page 5, traitant de l'article 5 du Livre blanc.

**M. Hales:** C'est une suggestion intéressante qui est faite par l'Association, au sujet de la



[Text]

with regard to the retroactivity of the duty imposed by the Tribunal. Our legislation states 90 days, and I notice that the American legislation is 120 days. I would like to ask Mr. Arthur why we drafted it this way and why the penalty in Canada should be less severe than in another country, particularly our neighbour. Why should we not both have the same, 120 days?

• 1025

**Mr. Arthur:** Mr. Chairman, the reference made in the brief to 120 days relates to particular importations in the American law that have not been appraised prior to a finding. I would refer the Committee's attention to page 22 of the White Paper, Article 11, subparagraph (ii) which reads as follows:

Where appraisement is suspended for the product in question for reasons which arose before the initiation of the dumping case.

Here, Mr. Chairman, I think are the important words.

—and which are unrelated to the question of dumping, retroactive assessment of anti-dumping duties may extend back to a period not more than 120 days before the submission of the complaint.

In other words, Mr. Chairman, it is only under circumstances that are unrelated to dumping, such as probably a matter of appraisal. It could, I think, possibly cover the matter of misrepresentation. In our proposed draft Bill, if misrepresentation or fraud is determined, there is provision for reappraisal and a certain retroactivity.

However, Mr. Chairman, as in earlier sessions we have mentioned that we would wish to make a statement to your Committee at a later date regarding the American legislative situation. This is a matter that we would be prepared to discuss in greater detail at that time.

**Mr. Lambert (Edmonton West):** Well, I am not too sure that there is an *ad idem* here in the thinking between this and what Mr. Arthur has said. Actually I think the CMA are concerned about what we have seen in other briefs, the possibility of the "one free dump". We are back to that, and as we know, under the Canadian Code the cumulative period of 180 days occurs in the event that the Deputy Minister has made a provisional

[Interpretation]

rétroactivité des droits de douanes imposés par le tribunal. Dans notre Loi, on précise une période de 90 jours; je sais que la loi américaine impose 120 jours. Je voudrais demander à M. Arthur pourquoi nous imposons 90 jours et pourquoi l'amende est moins sévère ici que dans d'autres pays, particulièrement chez nos voisins. Pourquoi ne devrions-nous pas avoir la même chose qu'aux États-Unis, soit 120 jours?

**M. Arthur:** Monsieur le président, dans le mémoire on parle de 120 jours, cela a trait à certaines importations dans la loi américaine et ces importations ne sont pas évaluées avant qu'on connaisse les résultats. Et, je vous réfère donc, messieurs, à la page 22 du Livre blanc, article 11, sous-alinéa (ii), où on lit ce qui suit:

(ii) où l'évaluation en douane est suspendue en ce qui concerne le produit en question pour des raisons qui sont apparues avant l'ouverture de l'affaire de dumping...

Et, je pense que, ici, nous trouvons les mots importants, c'est-à-dire,

et qui sont sans rapport avec la question du dumping, les droits antidumping peuvent être appliqués rétroactivement sans que la rétroactivité porte sur plus de 120 jours avant la date du dépôt de la réclamation.

En d'autres termes, monsieur le président, ce n'est que dans des circonstances qui ne se rattachent pas au dumping, comme, par exemple, une question d'évaluation, il peut s'agir de fausses représentations. Dans notre projet de loi, il y a des dispositions pour une réévaluation et, s'il y a une fausse représentation ou fraude, et qu'on en décide ainsi, il existe des dispositions permettant de réévaluer l'affaire et d'appliquer la rétroactivité.

Toutefois, monsieur le président, comme on l'a déjà dit plus tôt, nous aimerions présenter une déclaration à votre Comité plus tard, au sujet de la loi américaine. C'est une question dont nous discuterons plus en détail plus tard.

**M. Lambert (Edmonton-Ouest):** Je ne suis pas trop sûr qu'il existe dans la façon de penser entre ceci et ce que M. Arthur a dit. Mais, l'Association canadienne des manufacturiers se préoccupe de certaines questions dont on a déjà parlé dans d'autres mémoires aussi; il s'agit du dumping libre. Et, comme nous le savons, conformément au code au Canada, une période allant jusqu'à 180 jours est permise si un sous-ministre prend des dis-



[Texte]

assessment of duty, then there can be a total period of 180 days, combining the Deputy Minister's action and that of the Tribunal. But for goods which may have entered prior to the effective date of the Deputy Minister's provisional assessment, there is the chance for the goods to escape dumping duties.

• 1030

I would judge that in the United States they have used a period of 120 days; they are reaching back a little further.

I think, Mr. Arthur, one could actually bring that case in under Article 11 of the actual Code that you read out. It is quite conceivable that there could be cases, and as far as I am concerned I note the representations for 120 days as against 90 days.

**The Chairman:** Thank you Mr. Lambert. The next paragraph deals with clause 7 of the White Paper. Yes, Mr. Lambert.

**Mr. Lambert (Edmonton West):** There I part company with the CMA on this one because I think this covers another principle that we came across. There is already authority under the Financial Administration Act for exemption and there have been any number of pleas before us that in a Code of this kind one should not have to rely upon one's general and detailed knowledge of other government statutes. This has to do particularly with the publication of Orders in Council. This is covered under the Regulations Act.

I think, Mr. Chairman, that clause 7 should remain, the authority is there.

The fact that the authority exists should be drawn to the attention of people who are concerned with anti-dumping. If it were not here they would have to know something about the Financial Administration Act, and they might be sadly deceived if they did not.

Going beyond that I do not know that you can effect bilateral trade agreements quite that easily, when likely these two agreements with Australia and New Zealand are parallel in many ways to other Most Favoured Nation treaties.

If we eliminated that from Australia we would have to do that with other nations. I personally think the opportunities of exempting for dumping duties would be restricted, but you still must have that degree of flexibility.

**The Chairman:** Thank you very much. Have the gentlemen from the CMA any comments?

[Interprétation]

positions pour évaluer les droits de douanes, ensuite, il peut y avoir une période totale de 180 jours de par une décision et du sous-ministre et du tribunal, mais pour des marchandises entrées au pays, avant la date à laquelle le sous-ministre a établi la réévaluation, et il se peut que les produits soient exempts de douanes.

Aux États-Unis, il y a une période de 120 jours, qui est un peu plus longue que la nôtre. Et, je pense que cela pourrait se rattacher à l'article 11, du code actuel. Cela peut se concevoir très bien. Et, comme je l'ai déjà dit, il y a ici une représentation de 120 jours, en comparaison de nos 90 jours.

**Le président:** Paragraphe suivant. Il s'agit de l'article 7 du Livre blanc. M. Lambert.

**M. Lambert (Edmonton-Ouest):** Ici, je suis d'accord avec l'Association canadienne des manufacturiers, car on revient à un autre principe. L'autorité existe déjà dans une autre loi, c'est-à-dire, la loi sur l'administration financière, pour accorder certaines exemptions. Dans un certain nombre de cas, on a vu que, dans ce Code, on ne devrait pas se fier seulement à des connaissances et à ce qui existe dans les lois des autres pays, surtout pour ce qui est de la publication des décrets du Conseil.

Je pense, pour ma part, monsieur le président, que l'article 7 devrait être conservé.

Le fait que l'autorité existe devrait intéresser ceux qui étudient l'anti-dumping. Ils devraient être au courant de la Loi sur l'administration financière, sinon, ils seraient peut-être amèrement déçus. Pour aller plus loin, je ne sais pas si vous pouvez modifier les ententes commerciales bilatérales.

Les deux ententes avec l'Australie et la Nouvelle-Zélande sont parallèles à bien des égards. Si nous éliminons certaines clauses avec l'Australie, nous devons le faire avec d'autres pays.

S'il y a des exemptions, je pense qu'elles devraient être restreintes, tout en ayant un certain degré de flexibilité.

**Le président:** L'Association canadienne des manufacturiers a la parole.

[Text]

**Mr. Lang:** Just to comment further on our submission. There are two points involved here. First, we do not want to encourage people to come to the government and ask for exemption of dumping duties.

There have been a few notable instances where this has happened in the past and because the provision was already in the Financial Administration Act we did not think it was necessary to pinpoint it in this new legislation.

The other point was, as members of the Committee are aware, that there are certain difficulties in our trade with Australia, particularly the importation of canned fruit and this sort of thing.

This reciprocal exemption from dumping duty in one trade agreement might be extended to other countries and we feel it is a bad principle. Imports from any country ought to be subject to the provisions of the new legislation and steps ought to be taken at an early date to modify the trade agreement so that in essence all countries trading with Canada ought to be treated on the same basis.

**Mr. Lambert (Edmonton West):** I suppose it all depends whose ox is being gored, but I would suggest with countries where Canada enjoys a marked positive balance in commodity trade that it would be to the advantage of Canadian manufacturers and producers if Canada had the right to go to the other country to get an exemption from dumping, in particular types of installations.

• 1035

**Mr. Lang:** It could be.

**Mr. Arthur:** Mr. Chairman, I think with respect to this provision in clause 7, Mr. Lang has referred to the possibility of people coming to government seeking exemptions. I think this is a two-way provision. There may well be situations, for example, where an industry or a single producer in Canada may be injured, and it might be conceivable that injury could be proven. However, it might not be considered in those particular circumstances to be in the national interest to apply dumping duty to imports of that product. There may then be an exemption under this particular clause.

There are also very broad powers in the Customs Tariff Act and in the Combines Investigation Act to use tariff reductions or the exemption from dumping duties in circumstances where it is considered to be in the national interest. It is really a carry forward of a provision that now exists in the Customs Act.

[Interpretation]

**M. Lang:** Je voudrais commenter notre mémoire un peu. Il y a deux points en cause. Nous ne voulons pas encourager les gens à demander des exemptions.

Il y a eu des cas semblables dans le passé. Comme les dispositions faisaient déjà partie de la Loi sur l'administration financière, nous n'avons pas pensé qu'il était nécessaire d'en reparler ici.

Deuxièmement, comme les membres du Comité le savent fort bien, il y a certaines difficultés dans nos échanges avec l'Australie, surtout pour les fruits en conserves.

L'exemption réciproque pourrait être accordée à d'autres pays. C'est un mauvais principe en soi, car les importations de tous les pays devraient relever des dispositions de la nouvelle Loi. Des mesures devraient être prises dès que possible pour modifier les échanges commerciaux. En principe, tous les pays qui commercent avec le Canada devraient être traités de la même façon.

**M. Lambert (Edmonton-Ouest):** Cela dépend toujours, car je pense que, pour l'équilibre commercial, les manufacturiers et les fabricants canadiens tireraient certains avantages, si le Canada pouvait obtenir des exemptions des autres pays, pour certaines choses du moins.

**M. Lang:** C'est possible.

**M. Arthur:** Je pense, monsieur le président, que, au sujet des dispositions prises dans l'article 7, M. Lang a mentionné que certaines personnes pourraient demander des exemptions au gouvernement. Cela fonctionne dans les deux sens.

Dans certains cas, une industrie ou un producteur peuvent entrer au Canada et on peut prouver que cela a été nuisible. Dans ces cas, il en va peut-être de l'intérêt national de ne pas appliquer les droits de dumping aux importations. Ce serait une exemption conformément à cet article.

Il y a aussi de vastes pouvoirs dans la Loi relative aux enquêtes sur les coalitions et dans la Loi du tarif des douanes. Les réductions tarifaires et les exemptions des droits de dumping sont considérées, dans certains cas, comme étant dans l'intérêt national.

C'est déjà une disposition qui existe dans la Loi sur les douanes.



[Texte]

**Mr. Dobbie:** Mr. Chairman, could I ask Mr. Arthur if there are exemptions under this clause, are they made public?

**Mr. Arthur:** Mr. Chairman, if you recall, at earlier meetings we discussed this at some length, and under the Regulations Act there is a requirement that these be published. There are two I might mention, although I am not suggesting that they are published, but there is the requirement under the Regulations Act that they be published within 30 days. Both automobiles and commercial vehicles imported under the terms of the Automotive Agreement are exempted from dumping duties. This is an example, of it being specifically in the interest of the country to do so.

**Mr. Gillespie:** Is it not also correct that there is a provision under that same Regulations Act, Mr. Arthur, which exempts the necessity to publish?

**Mr. Gray:** It gives the authority.

**Mr. Arthur:** It gives the authority to exempt them.

**Mr. Gillespie:** It gives the authority to exempt, publishing the exemptions.

**Mr. Arthur:** It gives the authority in certain specific circumstances. The general requirement is that actions of this kind be published within 30 days.

**Mr. Gillespie:** Thank you Mr. Chairman.

**Le président:** Messieurs, aux pages 6 et 7 du mémoire, nous trouvons des commentaires sur les articles 8 et 9 du Livre blanc sur l'antidumping. Oui, M. Lambert.

**Mr. Lambert (Edmonton West):** I do not want to monopolize the meeting, but I have one question on paragraph nine. I will defer to anyone who wants to ask questions because I have been asking lots of questions.

**Le président:** Il ne doit pas y avoir beaucoup de commentaires sur l'article 8. Oui, M. Lambert.

• 1040

**Mr. Lambert (Edmonton West):** Mr. Chairman, this is related to observations that have been made to us before about the difficulty of establishing normal value in a commodity which has very little outlet in the domestic markets of the producing exporter. Although this particular commentary does not direct itself to the strictures to be applied in connection with the Bill, where the total domestic markets shall be looked at, our other

[Interprétation]

**M. Dobbie:** Monsieur le président, s'il y a des exemptions, sont-elles connues et publiques?

**M. Arthur:** Monsieur le président, nous en avons déjà parlé longuement à une réunion précédente. On demande, dans la Loi sur les règlements, que ces exemptions soient publiées. Il y en a deux que je pourrais mentionner, ici. Je ne dis pas qu'elles sont publiées, mais, toutefois, on demande de le faire dans les 30 jours. Les automobiles et les véhicules commerciaux importés, conformément à une entente, sont exemptés des droits de dumping. On a considéré que c'était dans notre intérêt de le faire.

**M. Gillespie:** Est-il juste de dire aussi qu'il y a une disposition dans la Loi sur les règlements qui exempte de la nécessité de publier?

**M. Gray:** On donne l'autorité...

**M. Arthur:** On donne l'autorité de le faire.

**M. Gillespie:** On donne l'autorité d'exempter de publier les exemptions.

**M. Arthur:** Dans certains cas particuliers. Mais, de façon générale, des mesures de ce genre doivent être rendues publiques dans les 30 jours.

**M. Gillespie:** Merci, monsieur le président.

**The Chairman:** Gentlemen, now pages six and seven of the brief. We find comments on Articles 8 and 9 of the white paper on antidumping. Page 19. Mr. Lambert.

**M. Lambert (Edmonton-Ouest):** Je ne veux pas monopoliser la réunion, mais j'ai une question sur l'article 9. Je peux céder la parole à ceux qui veulent demander des questions. J'ai déjà demandé plusieurs questions.

**The Chairman:** I do not think there are many comments on Article 8. Mr. Lambert.

**M. Lambert (Edmonton-Ouest):** Monsieur le président, ceci se rattache à des observations qui ont déjà été faites. Il semble difficile d'avoir des valeurs normales pour des produits qui ont peu de débouchés sur le marché national du fabricant. Ce commentaire ne s'adresse pas directement aux restrictions que nous appliquons conformément à la Loi, qui dit que le marché national doit être considéré. Mais il faut exclure du marché national la



[Text]

representations have been that you must exclude from the observation of the domestic market the value of any goods imported into that market at quota or perhaps even at a dumped price and you must determine the normal value of the goods produced for domestic consumption in that market.

**Mr. Lang:** Yes, we would agree with that interpretation.

**Mr. Lambert (Edmonton West):** But you go further. I would like a little bit more explanation on the actual point that you want to make.

**Mr. Lang:** On subclause 3?

**Mr. Lambert (Edmonton West):** Yes, that is right.

**Mr. Lang:** As we pointed out in our submission, Article 6 of the GATT provides normal value may be either the highest comparable price for the like product for export to a third country, or the cost of production plus a reasonable addition for selling cost and profit. With the emphasis in almost every country to increase their exports at almost any price and certainly below the price which is normally charged in the home market, we feel that you cannot take an export price and consider this as an acceptable value for dump duty purposes. By leaving in this clause "at the option of the Minister" or, shall we go further, at the option of the investigator, it would be very easy to determine in a country, such as Japan, where they export a large volume of goods to the United States market—probably specially made for the US market with an extra 10 per cent provided for the Canadian market—that the price charged to the Canadian importer would be the same price as that charged to the American buyer. So, in essence, the Canadian buyer is getting the advantage of a large volume export price which, if the volume shipped to Canada were considered as a separate entity, the Japanese exporter could not possibly make the goods or sell them at that price.

We feel it is essential in all these matters that the Department's investigators do determine and go into the question of cost of production and, particularly, in the quantities that are exported to Canada, otherwise we are liable to get ourselves into the position of accepting any general export prices as representing normal value and this could be very detrimental to Canadian industry.

Our recommendation really is that in order to comply with the Code and with the GATT,

[Interpretation]

valeur des produits importés sur ce marché, soit en vertu de contingentement ou en vertu d'un prix de dumping. Il faut plutôt considérer la valeur normale des marchandises produites pour la consommation nationale.

**M. Lang:** Oui, nous sommes d'accord.

**M. Lambert (Edmonton-Ouest):** Iriez-vous plus loin? Je voudrais avoir un peu plus d'explications.

**M. Lang:** Au paragraphe 3?

**M. Lambert (Edmonton-Ouest):** C'est cela.

**M. Lang:** Au paragraphe 3, comme nous l'avons mentionné dans notre mémoire, cet article 6 du GATT prévoit que la valeur normale peut être, soit le plus haut prix comparable d'un produit pour exportation à un troisième pays, ou le coût de production plus une addition raisonnable pour le prix de vente et le profit. Et on insiste dans presque tous les pays sur la promotion des exportations à n'importe quel prix ou très souvent au-dessous du prix demandé dans le pays d'origine. On ne peut prendre un prix d'exportation et se servir de cela comme raison valable pour faire du dumping.

En laissant cet article à la discrétion du ministre ou même à celle des enquêteurs, il est difficile de déterminer, dans un pays comme le Japon par exemple, qu'ils exportent un grand nombre de produits aux États-Unis à un certain prix, des produits fabriqués spécialement pour le marché américain et il y a peut-être un surplus de 10 p. 100 pour le marché canadien. Les prix demandés à l'importateur canadien sont les mêmes que ceux qu'on demande aux acheteurs américains.

En fait, l'acheteur canadien peut profiter des grandes quantités de marchandises exportées, et si le nombre de produits exportés au Canada était considéré comme une entité distincte, le fabricant japonais ne pourrait les fabriquer ou les vendre au même prix. Il est donc essentiel que les enquêteurs du gouvernement déterminent et étudient le coût de production surtout dans le cas des quantités exportées au Canada. Sans cela, nous serons obligés d'accepter tous les prix comme étant ceux qui représentent la valeur normale de l'article. Cela pourrait nuire énormément à l'industrie canadienne.

Notre recommandation doit donc être tout à fait conforme au code et aux règlements du

[Texte]

we should add the words "whichever is higher" so it is axiomatic on the investigator to look into the question of costs in all such situations.

**The Chairman:** Mr. Gray?

**Mr. Gray:** Mr. Chairman, am I not right in suggesting that the definitions (i) and (ii) on page 7 are taken from the GATT, Article 6, whereas the wording of Article 2(d) of the Code is actually somewhat different.

For example, if you look at Article 2(d) of the Code it says:

(d) When there are no sales of the like product in the ordinary course of trade in the domestic market of the exporting country or when, because of the particular market situation, such sales do not permit a proper comparison, the margin of dumping shall be determined by comparison with a comparable price of the like product when exported to any third country which may be the highest such export price but should be a representative price, or with the cost of production in the country of origin plus a reasonable amount for administrative, selling and any other costs and for profits.

• 1045

I think what the draftsmen of the proposed Bill attempted to do was to follow more closely Article 2(d) of the Code and perhaps they felt that this should be the governing clause being the treaty under which the draft Bill is being presented to Parliament. It was my understanding that the option which you gentlemen are seeking is actually in the hands of the Deputy Minister. Am I right in this, Mr. Arthur?

**Mr. Arthur:** Yes, Mr. Chairman.

**Le président:** Monsieur Lambert, avez-vous d'autres questions relatives à l'article 9 du Livre blanc?

**M. Lambert (Edmonton-Cuest):** Non, je crois bien que, les explications fournies par le représentant ainsi que par les fonctionnaires nous aideront à prendre une décision.

**The Chairman:** Gentlemen we will move now to the paragraph that deals with clause 10 of the White Paper which you will find on pages 50 to 54. You may include the paragraph that deals with clauses 11 and 12 also, all of which deal with Liability for Anti-Dumping Duty.

[Interprétation]

GATT. Nous devrions ajouter ces mots. Alors il est évident que l'enquêteur doit étudier le coût dans tous les cas.

**Le président:** Monsieur Gray?

**M. Gray:** Monsieur le président, ai-je raison de dire que les définitions données à la page 7, accompagnées des lettres minuscules «i» et double «ii», sont tirées des règlements du GATT, tandis que la rédaction de l'article 2(d) du code est un peu différente?

Par exemple, l'article 2(d) du code dit:

Lorsque aucune vente du produit similaire n'a lieu au cours d'opérations commerciales normales sur le marché intérieur du pays exportateur ou lorsque, du fait de la situation particulière du marché, de telles ventes ne permettent pas une comparaison valable, la marge du dumping sera déterminée par comparaison avec un prix comparable du produit similaire lorsque celui-ci est exporté à destination d'un pays tiers, ce prix pouvant être le prix à l'exportation le plus élevé mais devant être un prix représentatif, ou avec le coût de production dans le pays d'origine majoré d'un montant raisonnable pour les frais d'administration, de vente et autres et pour les bénéfices.

Je crois que cet article de la Loi tend à suivre de plus près l'article 2(d) du code. Peut-être que cette section devrait servir de guide étant le traité suivant lequel le projet de loi est présenté au Parlement et je pense que l'option que vous voulez choisir est présentement étudiée par le sous-ministre. Est-ce exact, monsieur Arthur?

**M. Arthur:** Oui, monsieur le président.

**The Chairman:** Mr. Lambert do you have other questions concerned with Article 9 of the White Paper?

**Mr. Lambert (Edmonton West):** With the explanations given by the representative of the CMA and with our officials we will be able to decide what to do.

**Le président:** Maintenant, messieurs, nous passerons à l'alinéa se rapportant au paragraphe 10 du Livre blanc que vous trouverez aux pages 50 à 54.

Cela comprend aussi les articles qui se rapportent aux paragraphes 11 et 12, qui traitent de l'assujettissement à un droit antidumping.



[Text]

**Mr. Lambert (Edmonton West):** I am a little concerned and I think there was some concern expressed earlier, now that we are dealing with trading blocks, such as the Common Market and other regional training bodies. As you know, goods may move duty free from one partner of the Common Market into another and the question is what is the normal value of goods that may be coming to us say, from Belgium having been manufactured in Germany? It is my understanding that the administration would feel that the price in Belgium would be the determining factor rather than the one in Germany. What are your observations on that?

**Mr. Lang:** This factor has been put in our Customs Act valuation where problems of this kind did arise and it is inherent now in the Customs and Excise Division to check back on the price at which those goods were regularly being sold in the country of manufacture as well as in the country of export. There is provision to determine a fair market value as being the price in the country of manufacture that is higher than the price in the country of export. I believe this was transferred from the Code to clause 12. We concur with the effect of that legislation.

**Mr. Lambert (Edmonton West):** I question that actually because it says:

12. (1) Good *bona fide* exported to Canada from any country but passing in transit through another...

In the case I put to you the goods are not passing in transit through another. The export is from France or from Belgium. It is a *bona fide* export to Canada by an exporting firm or broker or what have you. The goods were made in Germany; he transfers them through to the common market, free of duty between Germany and Belgium, but for some reason or other there is a dump between the exporter in Belgium to here in Canada. Where do you determine the normal value of the goods, in Belgium or in Germany?

**Mr. Lang:** It would be the place of direct shipment to Canada. In other words, if they are diverted in Belgium, then Belgium becomes primarily the first country at which the Department of National Revenue looks for comparable home market value. But if they come through on a through bill of lading from Germany through Belgium to Canada, Germany is the country of manufacture and this is the country at which the values are determined.

[Interpretation]

**M. Lambert (Edmonton-Ouest):** Je me préoccupe d'une question, on en a déjà parlé. Maintenant que nous parlons de blocs commerciaux, comme le marché commun, par exemple, il y a aussi d'autres organismes régionaux. Comme vous le savez, les produits peuvent être envoyés exempts de douanes d'un pays du marché commun à un autre. La question est la suivante: quelle est la valeur normale de produits qui viennent, par exemple, de Belgique, qui ont été fabriqués en Allemagne? Quelle est la valeur normale de ces produits? Et si je comprends bien, le prix en Belgique sera le facteur déterminant celui payé en Allemagne? Quels sont vos commentaires?

**M. Lang:** Ceci est inclus dans notre Loi sur les douanes; des problèmes ont surgi et c'est maintenant la coutume au service de Douanes de vérifier le prix normal des produits vendus dans leur pays d'origine aussi bien que dans les pays importateurs. Il y a des dispositions pour déterminer la valeur; surtout dans le pays d'origine, le prix est souvent plus élevé que dans le pays importateur. Je crois que ceci a été reporté au code, à l'article 12 sur l'effet de cette législation que nous approuvons.

**M. Lambert (Edmonton-Ouest):** J'en doute, car il est dit:

12(1) Les marchandises exportées de bonne foi au Canada en provenance d'un pays mais transitant par un autre...

Je parle ici de produits qui ne passent pas en transit d'un pays à l'autre. Si l'exportation vient de Belgique, c'est une exportation en bonne et due forme venant au Canada, par l'entremise de courtiers ou de compagnies d'exportation. Les produits ont été fabriqués, disons, en Allemagne et vont en Belgique, libres de douanes, car il s'agit de deux pays du marché commun, mais, pour une raison ou pour une autre, il y a du dumping entre l'exportateur belge à son point d'arrivée ici au Canada. Où déterminez-vous la valeur normale des produits? En Belgique ou en Allemagne?

**M. Lang:** S'ils font un envoi direct au Canada, il doit y avoir un arrêté en Belgique. En d'autres mots, si les produits sont envoyés en Belgique, alors celle-ci devient le premier pays où le ministère du Revenu national s'informera pour connaître la valeur sur le marché domestique. Mais si les produits expédiés sont accompagnés d'un connaissance de l'Allemagne, en passant par la Belgique en direction du Canada, l'Allemagne est le pays d'origine et alors on les évalue au prix de ce pays.



[Texte]

**Mr. Lambert (Edmonton West):** That I grant you, but I want to get your opinion on this particular point because I think we are going to see a lot of it.

● 1050

**Mr. Lang:** It could be.

**Mr. Lambert (Edmonton West):** Are you satisfied that the valuation should be that indulgent?

**Mr. Lang:** We did make representations on this point, as I said, several years ago and it has been embodied in customs legislation. From our examination of clause 12 it appears that that has been put into the proposed Anti-Dumping Bill. It seems to meet with our approval.

**Mr. Gillespie:** Mr. Chairman, I do not know if this question is in order or not, but it is a supplementary to Mr. Lambert's question. It relates to this area of exports and imports in the Common Market and, in particular, to the practices of West Germany.

I am referring to a comment in the morning paper about certain steps that West Germany has taken rather than revalue its mark. The reference is that West Germany intended to reduce the import taxes and export rebates by only 3 percentage points. This would have had a revaluation effect of 4.5 per cent.

My question is directed to Mr. Arthur. Are these practices of import taxes and export rebates consistent with GATT and how are they compensated for in the application of proposed anti-dumping legislation?

**Mr. Arthur:** Mr. Chairman, I have not had the benefit of seeing this particular article, but in general, I would imagine that the West German authorities are using the escape clause provisions of the GATT in this particular circumstance.

As to how these taxes are dealt with in determining normal value if they are included in the domestic price, you determine your normal value on the basis of the experience on selling the goods in the country of export.

The export rebate is, of course, another matter. I think perhaps here Mr. Hind might wish to comment.

**Mr. Gillespie:** This is the export rebate that is specifically provided for in the determination of normal value under our proposed Bill.

**The Chairman:** Mr. Hind, would you care to comment?

**Mr. Hind:** Mr. Chairman, under the existing law, mainly in the Customs Act, there is

[Interprétation]

**M. Lambert (Edmonton-Ouest):** Je voudrais connaître votre opinion sur cette question, car je pense qu'il y aura beaucoup de cas semblables.

**M. Lang:** C'est possible.

**M. Lambert (Edmonton-Ouest):** Pensez-vous que l'évaluation devrait être aussi indulgente?

**M. Lang:** Nous avons fait des commentaires sur cette question, il y a plusieurs années. Cela fait maintenant partie de la Loi sur les douanes. Après avoir étudié l'article 12, il semble que cela soit inclus dans la Loi sur l'anti-dumping. Nous sommes d'accord.

**M. Gillespie:** J'ai une question supplémentaire à celle de M. Lambert. C'est au sujet des exportations et des importations entre les pays du Marché commun et, surtout, pour l'Allemagne de l'Ouest. Ce matin, dans le journal, on disait que l'Allemagne de l'Ouest a pris certaines mesures au lieu de réévaluer le mark. On disait que l'Allemagne de l'Ouest veut réduire les taxes d'importations et les rabais d'exportations de 3 p. 100 seulement. Ceci produirait une réévaluation de 4.5 p. 100. Ma question s'adresse à M. Arthur: est-ce que ces pratiques de taxes sur l'importation et de rabais sur l'exportation sont conformes aux règlements du GATT? Quelle est la compensation dans le projet de loi sur l'antidumping?

**M. Arthur:** Monsieur le président, je n'ai pas vu cet article, mais, de façon générale, je pense que les autorités ouest-allemandes utilisent cette disposition du GATT dans ce cas particulier. Comment traite-t-on ces taxes pour déterminer la valeur normale, si elles sont incluses dans le prix domestique? On détermine la valeur normale en se fondant sur l'expérience de la vente des produits dans le pays d'exportation. Le rabais à l'exportation est, bien sûr, une question d'un autre ordre. Peut-être que M. Hind pourrait ajouter quelque chose.

**M. Gillespie:** C'est le rabais à l'exportation qui est chargé de déterminer la valeur normale conformément au projet de loi que l'on propose?

**Le président:** M. Hind.

**M. Hind:** Monsieur le président, conformément à la Loi actuelle, notamment la Loi sur

[Text]

a provision which requires the existing fair market value in the country of export to be reduced to the extent of any internal taxes that are included in that price and which are payable on goods sold for home consumption, but which are not payable on goods sold for export. In other words, if the domestic price is 100 and this price includes an internal tax of 4, let us say, then our current law will permit us to establish the fair market value at 100 less 4, namely 96. Now this provision is being carried forward into the proposed dumping legislation. I should say that this is consistent with the GATT. I believe there is a provision in the GATT that requires this to be done.

• 1055

**Mr. Gillespie:** Does this actually handle the question of the rebate?

**Mr. Hind:** I am not sure that I understand what rebate Mr. Gillespie has in mind, but if it is a rebate of the internal tax that I have just described, it does indeed.

**Mr. Gillespie:** I had assumed that the rebate perhaps might be in the form of a subsidy, rebating certain taxes to manufacturers on that proportion of their business which was export business.

**Mr. Hind:** This is recognized in the GATT. It is recognized under our current law and it is being carried forward in the proposed legislation. It is something that is recognized as allowable, internationally.

**Mr. Gray:** I think it is Article 2 which appears after the Code in the White Paper.

**Mr. Gillespie:** Thank you, Mr. Chairman.

**Mr. Lambert (Edmonton West):** Do you mean to tell me if the domestic price were 100 and if there were an export rebate of 4, that our customs people are going to establish the normal value in the country of origin as 96, or would it be 100?

**Mr. Hind:** It would be 96, Mr. Chairman, in the example cited.

**Mr. Danson:** I have a supplementary, Mr. Chairman. As I understand that interpretation, it would be similar to, say, a Canadian exporter who has a product that sells on the Canadian market at 100, but we pay a sales tax. So if the export value is to be reduced by the amount of the sales tax which is 4 in this case, it would be 96. But in some countries—I do not know if this practice still exists—they gave a further rebate—really a subsidy—of perhaps 10 per cent for export purposes on that portion of the company's business that went to export.

[Interpretation]

les douanes, il y a une disposition qui exige que la valeur du marché dans le pays d'exportation soit réduite par rapport à toutes les taxes internes ajoutées au prix, qui sont payables sur les produits vendus sur le marché domestique, mais qui ne sont pas payables sur les marchandises destinées à l'exportation. En d'autres termes, si le prix domestique est 100, et s'il comprend une taxe de 4, alors, conformément à la Loi actuelle, nous pouvons établir la valeur du marché à 96. Cette disposition sera incluse dans la nouvelle Loi sur le dumping. Je tiens à dire que c'est conforme aux règlements du GATT. Je pense qu'il y a une disposition du GATT qui exige qu'on le fasse.

**M. Gillespie:** Est-ce que cela tient compte de la question du rabais?

**M. Hind:** Monsieur le président, je ne sais pas de quel rabais M. Gillespie parle, mais s'il s'agit d'un rabais sur la taxe nationale que je viens de décrire, on en tient compte.

**M. Gillespie:** Le rabais peut parfois prendre la forme d'une subvention, un rabais d'une taxe payée par les fabricants.

**M. Hind:** C'est reconnu par le GATT. C'est reconnu par nos lois et on en tient compte dans le projet de loi. C'est un fait reconnu de façon internationale.

**M. Gray:** Je pense que c'est l'article 2 du Code.

**M. Gillespie:** Merci, Monsieur le président.

**M. Lambert (Edmonton-Ouest):** Voulez-vous dire que, si le prix national est de 100 et s'il y a un rabais d'exportation de 4, les agents des douanes établiront la valeur normale du pays d'origine à 96 ou à 100?

**M. Hind:** Ce serait 96 dans l'exemple donné.

**M. Danson:** J'ai une question supplémentaire, monsieur le président.

Si je comprends cette interprétation, ce serait semblable à un exportateur canadien qui a un produit qui se vend sur le marché canadien à 100; mais nous payons une taxe de vente. Si la valeur d'exportation est réduite de 4, le prix serait 96. Mais, dans certains pays, on accorde un autre rabais, qui est réellement une subvention, de 10 p. 100 aux fins d'exportation pour les produits destinés à l'exportation.



[Texte]

**Mr. Hind:** Mr. Chairman, this additional 10 per cent does not represent a rebate of internal tax. It is laid down in the International Code, in our Customs Act at present and in the proposed Bill. If, in other words, it is a subsidy granted by the exporting country, we do not accept this or allow this either currently or in the future.

**The Chairman:** Gentlemen, we will move now to pages 8 through 11 of the submission which deals with procedure. You will find this from pages 58 through 78 of the White Paper.

**Mr. Lambert (Edmonton West):** With regard to the comment at the top of page 9, the recommendation is that:

... an investigation must be instituted within 30 days...

My own view is that the words "shall forthwith" are much more peremptory and that 30 days gives an undesirable latitude and merely sets the period. It strikes me that he could wait for 30 days, but "shall forthwith" is now.

**Mr. Dobbie:** If it is, we would concur.

**Mr. Lambert (Edmonton West):** Because I think that perhaps your interpretation of "shall forthwith" is being equated with "as soon as possible."

**Mr. Dobbie:** Yes.

**Mr. Lang:** Actually in suggesting 30 days we took into consideration the fact that even after you lodge a complaint it is necessary for customs to find the entries that cover those goods and that information is not readily available here in Ottawa. You have to go to the regional offices or to the ports to find it and it usually takes a few weeks to find the importations. All we are doing here is giving them what we think is a reasonable time limit to get going.

**Mr. Lambert (Edmonton West):** I am not going to comment for the Department, but I would think that even the examination—the inquiry for the entries and so forth—is initiation of an investigation, but perhaps Mr. Hind could comment on this.

• 1100

**Mr. Hind:** Mr. Chairman, as I understand the words "initiation of investigation" this occurs when the Deputy Minister has satisfied himself that evidence has been submitted to him sufficient to show that there is both dumping and injury. At that point the Deputy causes an investigation to be undertaken,

[Interprétation]

**M. Hind:** Un tel 10 p. 100 n'est pas un rabais sur la taxe nationale. On le précise dans le Code international, dans notre Loi sur les douanes et dans le projet de loi. Si, en d'autres termes, c'est une subvention accordée par le pays exportateur, nous ne l'acceptons pas.

**Le président:** Messieurs, nous allons maintenant passer aux pages 8 à 11 du mémoire, dans lesquelles on parle de la procédure. Cela correspond aux pages 58 à 78 du Livre blanc. Monsieur Lambert?

**M. Lambert (Edmonton-Ouest):** En ce qui concerne le commentaire, en haut de la page 9, on dit:

...Qu'une enquête doit être instituée en-deçà de trente jours...

Je pense que l'expression «immédiatement» est plus absolue et que «30 jours» ne ferait que prolonger la période. On peut donc dépasser la période de 30 jours.

**M. Dobbie:** Si c'est cela, nous pouvons l'accepter.

**M. Lambert (Edmonton-Ouest):** Peut-être que votre interprétation de «immédiatement» correspond à «aussitôt que possible».

**M. Dobbie:** Oui.

**M. Lang:** En suggérant 30 jours, on pense qu'il est nécessaire, lorsqu'il y a une plainte, que les douanes trouvent les droits d'entrée qui couvrent ces marchandises. Nous n'avons pas ces renseignements à Ottawa; il faut se rendre aux bureaux régionaux ou dans les ports pour les trouver. Cela prend quelques semaines avant de trouver tous les renseignements. Nous voulons seulement donner une période de temps raisonnable.

**M. Lambert (Edmonton-Ouest):** Je ne parlerai pas pour le ministère. Je pense que l'examen des entrées constitue le début d'une enquête. Peut-être que M. Hind pourrait en parler plus longuement.

**M. Hind:** Monsieur le président, si je comprends les mots «initiation d'une enquête», cela a lieu lorsque le sous-ministre est convaincu que les preuves qui lui ont été soumises sont suffisantes pour indiquer qu'il y a du dumping et que cela est nuisible. Alors, le sous-ministre ordonne que l'enquête soit



[Text]

namely, he sends the invoices out to the investigational staff abroad and requires the investigators to visit the offices of the exporters to secure the necessary information. I think there is a period preliminary to that, the period between the lodging of the complaint and the decision of the Deputy whether he will initiate a full-fledged investigation or not.

For what it may be worth the CMA has suggested a specific time limit here, I would prefer that there be no specific time limit. I think you may expect that the Deputy Minister will move with as much dispatch as possible—I hope it would not take 30 days—in which to decide whether to undertake an investigation. On the other hand if we were limited by a 30-day period it could well be that in some exceptional cases, we could not move within the 30-day period, and cases which should merit consideration would have to be rejected because we will have had to go beyond the 30-day period. I would like to feel free to move as expeditiously as possible, and not be restricted to this 30-day period.

**Mr. Lang:** I think, in answer to Mr. Hind's comment, we agree fully with his thoughts here. However, we have observed in the past complaints which have been lodged where possibly investigations were not instituted for several months. We want to ensure there is no sitting on a complaint, and no action taken. So we suggest that in the normal course of events 30 days ought to be quite adequate. How you word that in actual legislation, I am not sure.

**Mr. Lambert (Edmonton West):** I am sorry if someone else's interpretation of the words "shall forthwith" are a little more relaxed than mine.

**The Chairman:** Mr. Hind did you notice the recommendation of the CMA at the bottom of page 8 of the submission? It reads:

In this connection we would like to suggest to the Deputy Minister that he instruct the directors of the six regional customs offices to immediately bring to his attention all cases of suspected dumping.

If I remember well, did you not inform this Committee that such a thing is done?

**Mr. Hind:** Yes, sir, Mr. Chairman, I thought people might assume that this would follow as a matter of course. Indeed, we are doing this at the moment. We have instructions to port officers out now, four pages in volume, instructing our officials to submit to Ottawa immediately all invoices and entries

[Interpretation]

menée, notamment en envoyant les factures au personnel d'enquête posté à l'étranger et lui demandant de visiter les bureaux de l'exportateur pour y chercher les renseignements nécessaires.

Je crois qu'il y a aussi une période préliminaire, c'est-à-dire, la période qui va entre le jour où la plainte est portée et le jour où le sous-ministre décide si oui ou non l'enquête sera instituée. L'Association canadienne des manufacturiers a proposé un délai. Je préférerais qu'il n'y ait pas de délai précis. On peut s'attendre à ce que le sous-ministre agisse aussi rapidement que possible. J'espère qu'il ne faudra pas 30 jours pour décider s'il faut enquêter ou non.

D'autre part, si nous sommes restreints à une période de 30 jours, il se peut que dans certains cas d'exception nous ne puissions pas agir dans les 30 jours et il faudrait peut-être aller au-delà de cette période.

Je voudrais être libre d'agir aussi rapidement que possible et ne pas être limité par les 30 jours.

**M. Lang:** En réponse à M. Hind, nous sommes tout à fait d'accord avec ce qu'il a dit. Mais, par le passé, des plaintes ont été formulées et il avait fallu plusieurs mois avant qu'on fasse démarrer l'enquête.

Nous voulons nous assurer qu'il n'y aura pas de pertes de temps et nous croyons qu'en temps normal, la période de 30 jours devraient être amplement suffisante. Mais je ne sais pas en quels termes le texte législatif devrait être rédigé.

**M. Lambert (Edmonton-Ouest):** Je regrette qu'on puisse interpréter les mots «fait immédiatement» de façon plus libérale que je ne le fais.

**Le président:** Monsieur Hind, page 8 du mémoire. En bas de la page 8. Avez-vous remarqué la recommandation de l'AMC?

«Nous aimerions suggérer au sous-ministre d'ordonner à ses Directeurs régionaux du Bureau des douanes de signaler immédiatement tous les cas présumés de dumping.»

Si j'ai bonne mémoire, n'a-t-il pas indiqué au comité que cela se fait?

**M. Hind:** Oui, monsieur le président. Je pensais que l'on comprendrait que de telles instructions seraient naturellement émises. Nos officiers aux ports d'entrée ont présentement en main des instructions—un texte de 4 pages—leur enjoignant de présenter à Ottawa, immédiatement, toutes les factures et

## [Texte]

covering a selected list of sensitive goods. As the Department of National Revenue becomes aware of sensitive areas, be it in the textile field, the footwear field and others, this list is added to, which means that the customs officers are required to submit invoices promptly to the Department.

**Mr. Lang:** Mr. Chairman, I do not want to embarrass Mr. Hind, but I just wondered whether those instructions could be put in the Minutes of the Proceedings here or could they be made public, because I think we are all...

**The Chairman:** They were made public at a previous meeting. I do remember they were placed before this Committee.

• 1105

**Mr. Lang:** Thank you very much.

**The Chairman:** Now, gentlemen, we will move to the paragraph that deals with the Anti-Dumping Tribunal, clauses 21 to 32 of the White Paper. Yes, Mr. Gillespie, do you have any questions.

**Mr. Gillespie:** No, Mr. Chairman.

**Mr. Dobbie:** Mr. Chairman, I have a question on this clause and it is a question of interpretation. Mr. Chairman and Mr. Arthur, I am a little confused. I would like your interpretation of clause 30, which reads as follows:

The Tribunal shall, before making any order or finding or before rendering any advice on any reference made to it pursuant to subsection (3) or (7) of section 13, seek the advice of a Panel...

Does that mean that the Tribunal is limited only to seeking advice of clause 13(3) or (7)? In other words, "making an order or finding" is that attached to "before rendering any advice or reference pursuant to (3) and (7) of section 13"?

**Mr. Arthur:** It says it shall seek information, Mr. Chairman.

**Mr. Dobbie:** That is true. However, I am not making myself clear then. Do the words "seek the advice" apply only to clause 13(3) or (7) or does it mean before it makes any finding whatsoever?

**Mr. Arthur:** Mr. Chairman, it says:

The Tribunal shall, before making any order or finding or before rendering any advice on any reference made to it pursuant to subsection (3) or (7) of section 13,...

So it is confined to those two.

## [Interprétation]

les entrées de produits particuliers qui peuvent faire l'objet de dumping.

Dès que le ministère du Revenu national prend connaissance de l'existence d'autres produits ainsi qualifiés, que ce soit dans le domaine des textiles, des chaussures, ou autres, ils sont ajoutés à cette liste et les douaniers doivent transmettre toutes les factures au ministère immédiatement.

**M. Lang:** Je ne veux pas embarrasser M. Hind, mais j'aimerais bien que les instructions soient ajoutées à notre compte rendu, ici. Ne pourraient-elles pas être rendues publiques...

**Le président:** On les a déjà publiées à la réunion précédente, monsieur. Le Comité en a donc été saisi.

**M. Lang:** Merci beaucoup.

**Le président:** Maintenant, messieurs, nous passerons au Tribunal de l'antidumping, articles 21 à 32, du Livre blanc. Monsieur Gillespie, avez-vous des questions à poser?

**M. Gillespie:** Non, monsieur le président.

**M. Dobbie:** J'ai une question d'interprétation à poser. Monsieur Arthur, je voudrais que vous m'interprétiez l'article 30:

Le Tribunal doit, avant de rendre une ordonnance ou de prendre des conclusions ou avant de donner un avis sur un renvoi qui lui est fait en conformité des paragraphes (3) ou (7) de l'article 13, demander l'avis d'un Comité consultatif formé des membres suivants:

Est-ce que cela veut dire que le Tribunal doit demander des conseils seulement aux personnes énumérées aux paragraphes (3) et (7) de l'article 13? En d'autres termes, est-ce que les mots «une ordonnance ou de prendre des conclusions» se rattachent à «en conformité des paragraphes (3) ou (7) de l'article 13»?

**M. Arthur:** Monsieur le président, on dit ici: «doit demander...»

**M. Dobbie:** C'est vrai. Mais, je ne suis peut-être pas assez explicite. «Doit demander l'avis...» mais seulement en conformité des paragraphes (3) et (7) de l'article 13, ou bien avant de prendre une conclusion?

**M. Arthur:** Monsieur le président, on dit:

Le tribunal doit, avant de rendre une ordonnance ou de prendre des conclusions ou avant de donner un avis sur un renvoi qui lui est fait en conformité des paragraphes (3) ou (7) de l'article 13...

Donc le texte restreint à ces deux paragraphes.



[Text]

**Mr. Dobbie:** It is confined to those two subclauses, not to any finding on any other matter, but just confined to those two sections?

**Mr. Arthur:** That is right.

**Mr. Dobbie:** Thank you, because this makes a difference in our brief.

**Mr. Lang:** ...that there was a comma after "making any order or finding" that there were two sets of circumstances here. I do not think it is clear in the draft Bill because it says "making any order or finding in respect to subsection (3)" which could give rise a dual interpretation. It could be taken both ways.

Our brief was predicated on, as we said,

before making any order or finding...

We are criticizing the fact that the Tribunal must in every case go to this Panel of public servants to get their advice and agreement. Whereas if it were limited to clause 13(3) or (7) which would only be in a relatively few cases, we would withdraw our objection.

**Mr. Dobbie:** Mr. Chairman, I would suggest this clause would read a lot clearer if it said: "The Tribunal shall, before making any order or finding and before rendering any service..." We would substitute the word "and" for "or".

• 1110

**Mr. Gray:** I was going to suggest, firstly that I do not see any comma between the word "finding" and the word "or," in the second line and, secondly, I think since the point you raised generally with respect to the Panel is one which appears to have been raised in other briefs already presented to us, I have suggested to the officials that one of them be given very serious study.

**The Chairman:** Mr. Dobbie, I think you wanted to make some comments?

**Mr. Dobbie:** Yes, Mr. Chairman. If the interpretation then, as I understand it, is that it is just pursuant to these two subclauses, we would change our brief on page 12 and would not be opposed to the setting up of this Panel.

**Mr. Gray:** Mr. Chairman, perhaps the best thing to do would be for the officials to note what you have said and take that in account in the study they are giving these representations and on which they are going to report back to the Committee after we have heard the evidence of all those who will appear before us.

[Interpretation]

**M. Dobbie:** Donc le tribunal doit se limiter à ces deux paragraphes et ne peut étudier d'autres questions?

**M. Arthur:** C'est exact.

**M. Dobbie:** Je vous remercie, car, c'est différent dans notre mémoire.

**M. Lang:** Selon notre façon d'interpréter le texte, comme il y a une virgule après «avant de donner un avis», nous avons cru qu'il prévoyait deux genres de circonstances. Je ne crois pas que le texte soit clair. On peut lui donner deux sens.

Notre mémoire fait la critique du fait que le tribunal doive consulter ce Comité de fonctionnaires et obtenir son avis et son assentiment. Mais si cette obligation de demander l'avis au Comité consultatif se limite aux cas prévus aux paragraphes (3) ou (7) de l'article 13—donc un nombre restreint de cas—nous serions prêts à retirer notre objection.

**M. Dobbie:** Monsieur le président, l'article serait beaucoup plus clair s'il stipulait que le tribunal «doit, avant de rendre une ordonnance ou de prendre des conclusions» et au lieu de ou «avant de donner un avis»...

**M. Gray:** Je voulais d'abord suggérer je ne vois pas de virgule entre les mots «prendre des conclusions» et le mot «ou» et je crois que c'est ce point que vous avez soulevé.

Je pense qu'on en a déjà parlé dans les autres mémoires, il faudrait donc étudier la question sérieusement.

**Le président:** M. Dobbie avait quelque chose à dire, je pense?

**M. Dobbie:** Oui, monsieur le président. Si je comprends l'interprétation, nous devrions changer notre mémoire à la page 12, et être d'accord.

**M. Gray:** Les fonctionnaires devraient en prendre note dans leur étude, et nous faire rapport des mémoires qui nous auront été présentés.



## [Texte]

**Mr. Lambert:** I would suggest to you that clause 5 complicates the whole thing. Because that is the one that authorizes the dumping duty. It states:

5. There shall be levied, collected and paid upon all dumped goods entered into Canada (a) in respect of which the Tribunal has made an order of finding, after the entry of the goods, that
- (i) either...

Then there are conditions that follow. It seems to me that you cannot have anti-dumping duty fixed unless there has been an order of the Tribunal. The Tribunal is there for the purpose of determining injury. It is not the Deputy Minister that makes the final determination of injury, it is the Tribunal and, therefore, in order to get a dumping duty you must have both a question of the lower price and injury. The Tribunal is the one that makes the finding of injury and therefore, every order, every finding. And the disputed ones—subclause (3) of clause 13 is as to dispute. It is a form of appeal. If you will look at page 60, subclause (3) says:

- (3) Where the Deputy Minister, after receipt of a written complaint... decides not to initiate an investigation by reason only that in his opinion there is no evidence...

In his opinion—that is a *prima facie* case. He might say: “I do not see that there is any injury” and the aggrieved party may then say: “But I want to go to the Tribunal.” That is the reference under subclause (3) of clause 13 and, again, in subclause (7) where the Deputy Minister comes to the conclusion:

- (7)...there is no evidence of material injury or retardation...

In other words, if he does not find a *prima facie* case, again there is an appeal to the Tribunal. So I would suggest to you, gentlemen, that in my opinion it is mandatory to go to the Tribunal.

**Mr. Dobbie:** No, we were not arguing that sir. We were arguing about the Panel.

**Mr. Lambert:** I know, but the Tribunal must go to the Panel in all cases.

## ● 1115

**Mr. Dobbie:** Well, this is the interpretation that...

**Mr. Lambert:** I agree with you.

**Mr. Dobbie:** ...we are fundamentally at difference with...

29414—31

## [Interprétation]

**M. Lambert (Edmonton-Ouest):** L'article 5 complique tout. C'est celui qui autorise la perception de droits de dumping:

Il est levé, perçu et payé sur toutes les marchandises sous-évaluées entrées au Canada

a) pour lesquelles le Tribunal a rendu ordonnance ou pris des conclusions, après l'entrée des marchandises portant

- (i) que...

Mais il semble qu'on ne puisse percevoir de droits de dumping, s'il n'y a pas eu de décret du tribunal. Le tribunal doit déterminer s'il y a eu dumping; ce n'est pas le sous-ministre qui prend la décision, mais bien le tribunal. Donc, pour percevoir des droits de dumping, il faut qu'il y ait prix inférieur et tort causé.

C'est le tribunal qui découvre le tort causé, et donc, rend ordonnance et prend conclusion. Dans les cas litigieux, comme on le dit au paragraphe 3, de l'article 13:

Lorsque le sous-ministre à la suite de la réception d'une plainte écrite... décide de ne pas ouvrir d'enquête, du seul fait qu'à son avis il n'y a pas d'éléments de preuve...

c'est un cas de première instance, il ne voit pas d'évidence. Ensuite la partie lésée doit pouvoir demander à se présenter au tribunal. C'est ce qu'on prévoit au paragraphe 3 de l'article 13.

Ensuite, à l'article 7 encore une fois, si le sous-ministre trouve qu'il n'y a pas de preuve matérielle, encore une fois, il y a appel au tribunal. J'estime donc messieurs, qu'il doit être obligatoire de soumettre toute cause de dumping au tribunal.

**M. Dobbie:** Ce n'est pas ce dont nous parlons. Nous discutons le problème du jury.

**M. Lambert (Edmonton-Ouest):** Je le sais. Mais le tribunal devrait se présenter au panel dans tous les cas.

**M. Dobbie:** Voilà l'interprétation que vous contestez; nous en cherchons une.

**M. Lambert (Edmonton-Ouest):** Je suis d'accord avec vous.

**M. Dobbie:** Nous différons d'opinion.

[Text]

**Mr. Lambert:** No, no, I agree with you.

**Mr. Dobbie:** ... and we are trying to get an interpretation on it.

**Mr. Lambert:** I am agreeing with you.

**The Chairman:** Mr. Arthur.

**Mr. Arthur:** Mr. Chairman, I believe that I misunderstood what probably Mr. Dobbie was saying in relation to the sentence structure of Clause 30. Now that I understand the point he was making I would agree with the interpretation that Mr. Lambert put to it, that the Tribunal in all cases prior to rendering an order or a finding will, in fact, seek the advice of the Panel.

I did not change my mind. I misunderstood the point you were making; that you were relating these only to the...

**Mr. Dobbie:** Only to subclauses 3 and 7.

**Mr. Arthur:** Yes.

**Mr. Lang:** You will note on the bottom of page 11 of our submission we point out that Clause 26 provides:

... the Tribunal may obtain the advice and assistance of any agency or department of the Government of Canada in the conduct of its business.

We are in agreement that the communications should work both ways and any government department should also be empowered to submit pertinent information or evidence to the Tribunal. What we object to is that the Tribunal, when it makes its order of finding, must take this to a Panel of public servants and get their full approval before any decision of dumping is made. We think this is entirely wrong in principle.

**Mr. Gray:** Mr. Chairman, I think that there may be two misconceptions—misunderstandings—here. There may have been a misunderstanding on Mr. Arthur's part about Mr. Dobbie's objection, but it seems to me there may also be a misunderstanding on the part of the witness who has just spoken about the obligation of the Tribunal with respect to the Panel. I do not see anything in the clause creating the Panel which obliges the Tribunal to have the approval of the Panel before rendering a decision.

**Mr. Lang:** I am wrong in that respect. I should not have said, it must meet with their approval, but must seek its advice.

[Interpretation]

**M. Lambert:** Non, je suis d'accord.

**M. Dobbie:** Nous essayons d'interpréter.

**M. Lambert:** D'accord.

**M. Arthur:** Monsieur le président, j'ai dû mal comprendre ce que disait le comité au sujet de la phrase de l'article 30. Et maintenant que je comprends son point de vue, je suis d'accord avec l'interprétation de M. Lambert. Le tribunal, dans tous les cas, avant de prendre ordonnance ou de rendre conclusion, demandera conseil au jury.

Non, je n'ai pas changé d'avis, j'ai tout simplement compris ce que vous vouliez dire.

**M. Dobbie:** Je parle seulement des paragraphes 3 et 7.

**M. Arthur:** Oui.

**M. Lang:** En bas de la page 13 de notre mémoire français, vous verrez que nous signalons que l'article 26 prévoit que le tribunal pourra obtenir les conseils et l'aide de tout organisme, ministère ou département du gouvernement du Canada en vue de son bon fonctionnement. Nous sommes d'avis que le système de communication devrait fonctionner dans les deux sens et que tout ministère du gouvernement devrait soumettre les renseignements et preuves pertinentes au tribunal. Mais nous nous opposons à ce que le tribunal, pour rendre ordonnance ou prendre conclusion doive soumettre le cas à un jury de fonctionnaires, avant de décider. Ici je trouve que le principe est entièrement faux.

**M. Gray:** Monsieur le président, il y a peut-être deux points où nous ne nous comprenons pas: il y a l'intervention de M. Arthur en rapport avec l'objection de M. Dobbie, mais il y a aussi l'intervention du témoin qui vient de parler, et qui semble ne pas comprendre les obligations du tribunal à l'égard du jury. Pour ce qui est du jury, je ne vois rien qui oblige le tribunal à avoir son approbation avant de prendre sa décision?

**M. Lang:** J'avais tort, je l'admets, non pas approbation, mais avis.



[Texte]

**Mr. Dobbie:** Our main point there, Mr. Gray, was that this will lengthen the procedure.

**Mr. Gray:** I want to make clear that the point which you have raised with regard to the Panel has already been raised by other witnesses who have appeared. I think it is one well worthy of further consideration by the officials and by this Committee. That is my personal opinion, at the moment, anyway.

**Mr. Arthur:** Mr. Chairman, I think the only further comment I would like to make is to ensure that the witnesses understand that the Tribunal is under an overriding obligation to report within 90 days or to come to its order or finding within 90 days and this will govern its actions regardless of the requirements under Clause 30.

**The Chairman:** Are there any further questions? On page 12 we will find comments on Clause 33 which is on page 90 of the White Paper. Are there any comments on the submission by the CMA?

**Mr. Saltsman:** Mr. Chairman, this question arose the other day when the textile industries were here and deals with the forms that an exporter would have to fill out. I would like to ask the government officials in what way does our form differ from that of the United States? The other day they informed us that there would be a new form coming before the Committee.

**Mr. Arthur:** Mr. Chairman, I did not follow Mr. Saltsman's point at all. I am sorry.

**Mr. Saltsman:** I will try to make it a little clearer. The other day we were discussing the type of form that an exporter has to fill out—the statement they have to fill out—and at that time it was indicated that a new form, or the form that is going to be approved, would be presented before the Committee for our examination. The Association has raised a point here regarding the kind of information that appears on United States forms as against that which appears on ours. I wonder if you would care to comment on that? To what extent will our forms be like the United States' one taking into consideration the kind of information that is reflected in the United States' forms. Am I not any clearer on that, Mr. Arthur?

• 1120

**Mr. Arthur:** It is not a question, Mr. Chairman that I can answer. Possibly Mr. Hind would like to comment on that.

[Interprétation]

**M. Dobbie:** La procédure en sera d'autant plus longue.

**M. Gray:** Le point que vous avez souligné, l'a déjà été par d'autres témoins. On pourrait peut-être demander aux fonctionnaires et au comité d'en discuter plus longuement.

**M. Arthur:** Monsieur le président, je voudrais m'assurer que les témoins comprennent bien que le tribunal est formellement obligé de faire rapport dans les 90 jours ou de fermer son enquête dans les 90 jours.

**Le président:** A la page 12 du mémoire, nous avons des commentaires sur l'article 33 du Livre blanc. Nous parlons de la page 14 dans le texte français du mémoire, et de l'article 33 que l'on retrouve dans le Livre blanc. Auriez-vous des commentaires à faire sur la proposition de l'AMC?

**M. Saltsman:** On a parlé l'autre jour, monsieur le président, des formules que doit remplir l'exportateur; qu'est-ce qui les différencie de celles des États-Unis? De plus on nous a dit qu'une nouvelle formule devait être présentée au comité.

**M. Arthur:** Monsieur le président, je n'ai pas compris du tout.

**M. Saltsman:** L'autre jour, nous parlions du genre de formule que doit remplir un exportateur, une sorte de déclaration qu'il doit remplir, et à ce moment-là, on a annoncé qu'une nouvelle formule serait adoptée, mais auparavant, soumise à l'examen du comité. L'Association soulève un point ici qui concerne les renseignements demandés sur les formules américaines comparativement à ceux demandés sur les formules canadiennes, et j'aimerais que vous donniez votre opinion à ce sujet. Dans quelle mesure nos formules seront-elles semblables à celles des Américains tenant compte du genre de renseignements qu'on y trouve? Est-ce que ceci est plus clair, monsieur Arthur?

**M. Arthur:** Monsieur le président, je ne peux pas répondre à cette question. M. Hind pourrait peut-être faire des commentaires à ce sujet.



[Text]

**The Chairman:** I know Mr. Hind made some comments at a previous meeting about a new form.

**Mr. Hind:** Mr. Chairman, I recall the point raised on Tuesday by Mr. Saltsman, but it is my recollection that that did not relate to clause 33, rather it related to clause 34, which we are not looking at at the moment.

I did say, Mr. Chairman, that clause 34 requires the establishment of Regulations—these Regulations have not as yet been completed—and that I would undertake to table with the Committee draft Regulations which would include the prescribed form as soon as these Regulations are ready. I regret to say that I do not know what form is required by the U.S. customs authorities.

**Mr. Arthur:** I have no further comment on what Mr. Saltsman has raised.

**Mr. Lambert:** This may be something that was put in but is not really relevant to clause 33. It is a representation that there be included in the statement to be filed by the importer, an undertaking that he has not entered into any agreement with the exporter about rebates, or one thing or another like that.

I suppose it really deals with the form of entry because it is not something that is at the request of the Deputy Minister for information. Clause 33 in the general provisions deals with a debt to Her Majesty and that you can follow the goods. Then there is a subsequent statement in clause 34 asked by the Deputy Minister in the course of his investigation.

If he feels that the earlier entries have been unreliable, he may then ask the parties involved to make a statement under attestation or a statutory declaration which, of course, then makes it a little more difficult for him.

**The Chairman:** Mr. Hind would like to make a comment.

**Mr. Hind:** Mr. Chairman, I did say on Tuesday last when this question or a similar question arose, that our current customs invoice forms and, I believe, our customs entry forms require certification by the exporter and the importer that the invoice and the entry exhibits the full and true facts of the case, and that there is no understanding between the importer and the exporter which would have an effect on the price, which is not disclosed by the documentation. The exporter takes the certificate and the importer for his part when he makes an entry takes a similar certificate.

[Interpretation]

**Le président:** Je sais que M. Hind a fait des commentaires au sujet des nouvelles formules lors d'une réunion antérieure.

**M. Hind:** Monsieur le président, je me rappelle l'argument soulevé, jeudi, par M. Saltsman. Si je me rappelle bien, ceci n'avait pas trait au paragraphe 33, mais bien à l'article 34 que nous n'étudions pas dans le moment.

J'ai effectivement dit, monsieur le président, que l'article 34 exige l'établissement de règlements, ceux-ci ne sont pas tous prêts, que je m'engagerais à déposer au secrétariat du Comité, un avant-projet des règlements qui inclurait la formule prescrite aussitôt que les règlements seront prêts. Je regrette de dire que je ne sais pas quelle formule les autorités douanières américaines exigent.

**M. Arthur:** Je n'ai pas d'autres commentaires à ajouter aux observations de M. Saltsman.

**M. Lambert (Edmonton-Ouest):** C'est une chose qui n'est pas directement liée aux dispositions de l'article 33, mais on pourrait peut-être faire des instances pour que dans la déclaration de l'importateur, il y ait également un engagement d'après lequel il dit qu'il n'a pas de contrat de rabais avec l'exportateur, ou quelque chose de semblable. Je suppose que ceci a, en fait, trait à la formule d'entrée, parce que ce n'est pas une chose qui est faite à la demande du sous-ministre pour obtenir des renseignements.

En étudiant ces dispositions générales, nous voyons que, tout d'abord l'article 33 dit que ceci réfère à une dette due et payable à Sa Majesté et que vous pouvez suivre les marchandises. Et il y a une déclaration subséquente à l'article 34 demandée par le sous-ministre au cours de son enquête. S'il estime que les renseignements donnés auparavant n'étaient pas exacts, il peut demander aux parties en cause de faire une déclaration statutaire, ce qui va lui compliquer les choses.

**Le président:** Monsieur Hind voudrait faire un commentaire.

**M. Hind:** Monsieur le président, hier, j'ai dit, pardon, jeudi dernier, quand cette question a été soulevée ou une question analogue l'a été, que nos formules de factures douanières ou autres requièrent l'attestation par l'importateur et l'exportateur à l'effet que les renseignements fournis sont conformes à la vérité et qu'il n'y a pas d'entente entre l'importateur et l'exportateur qui pourrait affecter le prix qui n'est pas révélé par la documentation. Il y a un certificat pour l'exportateur et l'importateur, pour sa part, quand il fait une entrée, se sert d'un certificat semblable.

## [Texte]

**Mr. Saltsman:** The difficulty with that provision, Mr. Hind, as was pointed out the other day, is that there seems to be some cloudiness about the legality and the effectiveness of that kind of a statement. I believe the position of the Association is to nail it down more specifically, because it has been pointed out on other occasions that one of the great difficulties is going to be in compensatory arrangements. This may frustrate the whole purpose of the anti-dumping legislation unless we do get assurance that side deals are not entered into and rebates are not given under some circumstances. I am sure your Department will be looking into this. I realize the Association has realized the importance of this matter by bringing it before us. However, we will have an opportunity to look at these forms when they are brought before the Committee.

• 1125

**Mr. Arthur:** Mr. Chairman, I am not certain the matter that Mr. Saltsman has been referring to relates to the matter that the witnesses have raised in clause 33. As I understand their statement, they are interested in adding a clause covering reimbursement of dumping duties and that is the only item to which they direct this comment. Am I correct?

Mr. Chairman, the preliminary view of our legal counsel is that the liability for dumping duty is the liability of the importer or a debt which the importer owes to the Crown. This debt is there regardless of whether or not there would be a reimbursement or a possible reimbursement. I think this is the point that you are making, is it not? You want to ensure that that continues to be a liability of the importer?

**The Chairman:** Was that your understanding, Mr. Lang?

**Mr. Lang:** I believe Mr. Weeks of our delegation has run into this situation where the exporter guarantees if there is any assessment of dumping duty that he will reimburse the importer for any such dumping duty assessed. We want to make sure that the importer understands that this is his liability and that he may not go back and charge it to the exporter because if this happens, then the importer is not out any money and he can dump to his heart's content.

**The Chairman:** I understand Mr. Weeks would like to make some comments on that.

## [Interprétation]

**M. Saltsman:** Comme on l'a dit l'autre jour, monsieur Hind, la difficulté provenant de cette disposition réside dans le fait qu'il y a quelque chose de vague quant à la légalité et l'efficacité de cette sorte de déclaration. Je crois que le but de l'Institut est d'aller plus avant dans l'exposé des détails, car on a mentionné qu'en d'autres occasions une des grandes difficultés sera l'arrangement compensatoire, que ceci peut faire échouer toute la législation sur l'antidumping, à moins d'avoir l'assurance qu'il n'y aura pas de sous-contrats ou que des rabais ne seront pas donnés en quelques circonstances. Je suis sûr que votre ministère étudiera la question, car encore une fois, c'est important et je constate que l'association s'est rendu compte de son importance en nous la soumettant. Mais nous aurons l'occasion d'étudier ces formules lorsqu'elles seront soumises au Comité.

**M. Arthur:** Monsieur le président, je ne suis pas certain que la question mentionnée par M. Saltsman traite de ce qui a été soulevé par les témoins à l'article 33.

Si je comprends bien leurs observations ce qui intéresse l'Association des manufacturiers, c'est que l'on ajoute un article visant le remboursement éventuel des droits de dumping et ce n'est qu'à ce propos qu'ils ont fait ce commentaire. Ai-je raison?

Eh bien, monsieur le président, au début notre avocat-conseil trouvait que l'assujettissement à un droit de dumping était une responsabilité de l'importateur, ou une dette de l'importateur vis-à-vis la Couronne. Cette dette existe qu'il y ait ou non un remboursement éventuel. Ce que nous voulons ici, c'est veiller à ce qu'il y ait toujours une responsabilité incombant à l'importateur.

**Le président:** Monsieur Lang, est-ce que vous comprenez aussi? Je voulais le savoir, car le microphone n'enregistre pas les mouvements de tête ou de mains.

**M. Lang:** Je pense que M. Weeks, un de nos représentants, a connu une situation, où l'importateur garantit que sur une évaluation de droits de dumping, il va rembourser l'importateur pour tout droit de dumping évalué et nous voulons veiller à ce que l'importateur comprenne que c'est sa responsabilité et qu'il ne peut pas ensuite revenir et imposer le montant à l'exportateur, parce qu'autrement l'importateur peut faire du dumping à son tour tant qu'il voudra.

**Le président:** Je crois que M. Weeks a quelques commentaires à faire à ce sujet.



[Text]

**Mr. C. C. Weeks (Vice President, Algoma Steel Corporation):** Mr. Chairman, with respect to the second paragraph on page 12 which deals with clause 33 which says: "Section 53.52 of the United States Anti-dumping Regulations requires that the importer file a written statement to the effect that he has not entered into any agreement or understanding" and so on.

I have seen carbon copies of purchase orders for the importation from a foreign country on which it was spelled out that any dumping duty assessed later would be for the account of, or reimbursed by the exporter, despite this section 53.52. It was a condition of the purchase order.

**Mr. Lang:** I think this is important because as Mr. Hind pointed out, there is this statement on the customs invoice at the present time. The question of the assessment of dumping duty is really a transaction that occurs much after the transaction at customs and while there may not have been any intention of having any compensatory arrangement, the fact is that once an importer has been assessed dumping duty he is a little provoked and he goes back to the exporter and says, "look you got us into this mess, now you take us out of it and pay for it".

**The Chairman:** Mr. Arthur or Mr. Hind, do you have any comments?

**Mr. Hind:** Mr. Chairman, I would say that under the existing law this would not be permitted. In other words, the collection of dumping duty is for the account of the importer and to the extent that the exporter might endeavour to reimburse the importer for the dumping duty, he would be creating a further dumping situation and we would continue to collect dumping duty up to a maximum of 50 per cent of the value of the goods. That is under the existing legislation.

**The Chairman:** What about this proposed legislation?

**Mr. Gray:** Mr. Chairman, this may be something that could be given some further study. I would like to draw to the attention of the Committee clause 33(1) on page 90 which reads as follows:

• 1130

33.(1) The true amount of duty or provisional duty payable to Her Majesty on any goods entered into Canada from

[Interpretation]

**M. C. C. Weeks (vice-président, Algoma Steel Corporation):** Monsieur le président, le deuxième paragraphe de l'article 33, à la page 12, ou l'article 53.52 des règlements américains antidumping exige de l'importateur une déclaration écrite à l'effet qu'il n'a conclu aucune entente ou arrangement en vertu duquel le fabricant, etc.

J'ai vu moi-même des copies au carbone d'offres de commandes de bons d'achat pour importation d'un pays étranger où on disait que tout frais de douane évalué plus tard serait porté au compte ou remboursé par l'exportateur, en dépit de cet article 53.52. C'était une condition du bon d'achat.

**M. Lang:** Je pense que c'est très important, parce que comme le dit M. Hind, il y a une déclaration sur la facture des douanes dans le moment.

La question d'évaluation des droits de dumping, c'est une transaction qui se produit bien longtemps après la transaction aux douanes et même s'il n'y a pas d'intention d'avoir des arrangements compensatoires, le fait demeure qu'une fois qu'on a établi des droits de dumping à un importateur, il ressent cela comme une provocation et il retourne voir l'exportateur pour dire: Bien, écoute, c'est toi qui nous as embarqués là-dedans, tu nous as mis dans le pétrin, sors-nous en. C'est toi qui vas payer pour.

**Le président:** Monsieur Arthur, monsieur Hind, avez-vous des commentaires?

**M. Hind:** Monsieur le président, je vous dirai ceci. Aux termes de la loi actuelle, ceci ne serait pas permis. En d'autres mots, la perception des droits de douanes est à la charge de l'importateur, l'exportateur, à son tour, peut essayer de rembourser l'importateur pour ces droits de douane, mais en agissant ainsi, il empirerait la situation du dumping et on continuerait à percevoir des droits de dumping jusqu'à 50 p. 100 de la valeur des marchandises, ceci aux termes de la mesure législative actuelle.

**Le président:** Mais que pensez-vous de ce projet de loi?

**M. Gray:** Monsieur le président, ceci mériterait une étude plus approfondie, mais je voudrais attirer l'attention du Comité sur l'article 33. (1) a), page 90 du Livre blanc:

33. (1)(a) Le montant exact d'un droit, temporaire ou non, payable à Sa Majesté sur des marchandises entrées au Canada,



## [Texte]

and after the time such duty should have been paid or accounted for constitutes a debt due and payable to Her Majesty, jointly and severally,

(a) by the person who was the owner of the goods at the time of the entry thereof, and

(b) by the importer of the goods,...

**Mr. Lambert:** That does not affect it at all. There is no denying the debt and there is no denying that the importer would pay the debt of the importing duty. Having paid it, he just turns around and goes to the exporter and says: "compensate". It is on this compensatory agreement that the representation is being made. I would think that the officials could consider the inclusion of a provision in the Bill that would make any such agreement null and void.

**Mr. Lang:** The first part of the clause that Mr. Gray just read says: "by the person who was the owner of the goods". As you are quite aware, there are substantial importations into Canada on consignment and those goods are the property of the exporter. He is the owner of those goods until they are sold in Canada.

**Mr. Gray:** It was my understanding, Mr. Chairman, that goods exported into Canada on consignment can also be subject to the application of anti-dumping duties. Am I correct in this Mr. Arthur?

**Mr. Arthur:** That is correct.

**Mr. Dobbie:** Mr. Chairman, this is still very fuzzy because this could happen. The compensation could take place long after the entry came in and if there is no penalty involved for compensation or any means of trying to track it, this clause could be useless.

**Mr. Arthur:** Mr. Chairman, as I mentioned previously, the legal officers responsible for the drafting of the proposed Bill are of the view that that circumstance is covered. I would suggest that it may well be considered as a compensatory arrangement and it will apply where there has been an order or finding and where there has been an assessment. In other words, it falls within the provision of this Bill.

**Mr. Harkness:** I would think one of the chief fears lies in the detection of arrangements of this kind. What provisions or what means are there for detecting an affair of this sort?

## [Interprétation]

à compter de la date où le droit aurait dû être payé ou comptabilisé, constitue une dette due et payable à Sa Majesté, solidairement,

a) par la personne qui était le propriétaire des marchandises à la date de leur entrée, et

b) par l'importateur des marchandises.

**M. Lambert:** Ayant payé la dette des droits d'importation, l'importateur peut se retourner et dire à l'exportateur de faire une compensation. Il y a une convention de compensation à cet effet. Je pense qu'on pourrait peut-être prévoir dans la loi que de telles ententes seront nulles et non avenues.

**M. Lang:** Pour ce qui est de l'article que vient de lire M. Gray, la première partie.

«... par la personne qui était le propriétaire des marchandises»

Il y a beaucoup d'importations au Canada, qui se font en consigne. Ces biens-là sont la propriété de l'exportateur qui est toujours propriétaire tant que les marchandises ne sont pas vendues au Canada.

**M. Gray:** Si je comprends bien, monsieur le président, les biens exportés vers le Canada et en dépôt dans ce pays sont soumis à l'application de droits antidumping. Est-ce juste, M. Arthur?

**M. Arthur:** C'est exact.

**M. Dobbie:** C'est très vague, monsieur le président, parce que la compensation peut se faire bien longtemps après l'entrée des marchandises, et si on ne prévoit pas de peines visant la compensation, si on ne fait pas les enquêtes nécessaires pour mettre à jour les cas de compensation, tout est annulé.

**M. Arthur:** Eh bien, monsieur le président, comme je l'ai déjà mentionné, l'agent juridique responsable de la présentation du projet de loi estime que ce cas est couvert et je pense qu'on pourrait le considérer comme une disposition compensatoire dans le cas où il y eut un ordre d'enquête et une évaluation. Ceci relèverait des dispositions du présent projet de loi.

**M. Harkness:** Quel moyen avez-vous pour déceler une affaire comme celle-ci?

[Text]

**Mr. Gray:** I would like to ask a further question. As a practical matter, what is the value of the statement called for by the United States regulations?

**Mr. Lang:** I think its value is that it is brought specifically to the attention of the importer that he is responsible for the payment of the dumping duty and he may not charge it back. If he does charge it back then he has committed a further offence and is liable to the penalties provided under the law. I think that by making the importer sign a declaration of this kind puts a flag in front of him and he knows if he should accept such reimbursement that he is leaving himself open to difficulty.

**Mr. Hind:** Mr. Chairman, with respect to Mr. Harkness' question regarding the detection of these activities. First of all, we must remember that a certificate is taken by the exporter and the importer.

Secondly, this type of requirement has been in effect for many, many, many years so that importers are aware of what this means.

Thirdly, it has been made abundantly clear to people who have tried this that it is contrary to the law because we have assessed dumping duty in such circumstances.

Fourthly, we have in the Department of National Revenue, an investigational staff which makes a practice of auditing the records of importing companies and they are watching out particularly for transactions of this kind. When violations are found their regulations permit them to assess pretty heavy penalties.

• 1135

**M. Émard:** Monsieur le président.

**Le président:** Oui, monsieur Émard.

**M. Émard:** Avec le nouveau règlement, est-ce que les investigateurs, avec la nouvelle législation, est-ce que les investigateurs pourront avoir assez de temps pour retourner en arrière?

**Le président:** Voulez-vous recommencer, Monsieur Émard, s'il vous plaît?

**M. Émard:** Monsieur le président...

...croyez-vous que cette nouvelle législation donnera un laps de temps suffisant aux enquêteurs pour revenir en arrière?

[Interpretation]

**M. Gray:** Je pourrais peut-être poser une autre question sur le plan pratique. Que vaut la déclaration exigée par les règlements américains?

**M. Lang:** Je pense que sa valeur est de signaler à l'exportateur qu'il doit payer le droit de dumping, et qu'il ne peut pas réimputer ces frais à d'autres, et s'il le fait, il est responsable d'un nouveau délit, et il peut être frappé des sanctions prévues par la loi. Une déclaration comme celle-ci, c'est un avertissement, si vous voulez, qui fait qu'il sait que s'il accepte un remboursement comme celui-ci, il risque d'avoir des problèmes.

**M. Hind:** Monsieur le président, au sujet de la question de M. Harkness, autrement dit, comment décelez-vous ces activités? Premièrement, nous devons nous rappeler qu'un certificat est pris par l'importateur et l'exportateur. Deuxièmement, ce genre d'exigence existe depuis bien des années, de sorte que les importateurs savent très bien ce que ça veut dire. Troisièmement, on a clairement dit aux gens qui avaient essayé ceci, que c'était contraire à la loi parce que nous avons fixé des droits de dumping dans ces cas. Quatrièmement, au ministère du revenu national, nous avons aussi un service d'enquête qui a l'habitude de vérifier les comptes des compagnies d'importation, et l'on fait très attention à des transactions comme celle-ci et lorsqu'on s'aperçoit qu'il y a eu une violation ou une infraction, le règlement permet au personnel de fixer des sanctions assez lourdes.

**Mr. Émard:** Under the new regulations would the investigators have enough time to start over—

**The Chairman:** Would you mind repeating that, Mr. Émard?

**Mr. Émard:** Do you feel this new legislation will give the investigators enough time to go back over the records?

**The Chairman:** Mr. Émard, would you please repeat your question.

**Mr. Émard:** I will repeat the question. Mr. Hind has just said that investigators have examined the books and files to find out what imports have been. With the new regulations you have set a deadline. You stated, for instance, 90 days, I think. Is this sufficient time for these investigators to check what is going on?



[Texte]

**Le président:** Voulez-vous recommencer, monsieur Émard?

**M. Émard:** Oui. Me référant à ce que M. Hind vient de dire à l'effet que certains investigateurs ont fouillé les dossiers pour vérifier ce qui s'est fait comme importations, je voudrais savoir si la limite de temps établie à 90 jours, par la nouvelle législation, sera suffisante pour faire les vérifications qui s'imposent?

**Mr. Hind:** Mr. Chairman, I should make it clear that this investigational staff that I now speak of is not to be confused with the values investigators who are the people charged with the responsibility under the Deputy Minister of determining the normal value under the law. Quite apart from this staff, there is an independent group which is called the investigational staff whose job it is to audit the books and records of importers. This activity normally takes place more than 30 or 90 days after importation.

If I have not answered the question, I would be pleased to—

**M. Émard:** Oui, oui. Mais, dans un cas de délit, quel recours avez-vous contre ceux qui ont été trouvés coupables?

**Mr. Hind:** Mr. Chairman, I do not have before me the scale of penalties, but my understanding is that not only do we collect the amount that was reimbursed, but there is an additional penalty that might be in the amount of the duty paid value of the goods, that is, the value of the goods plus the duty. So it is a rather substantial penalty that is collected from the importer who violated his trust.

**Le président:** Très bien, Monsieur Émard?

Gentlemen, now we will move to page 13, conclusions.

**Mr. Lambert:** Clause 34. I would think then, Mr. Chairman, that since the statement on which the information is being given is under statutory form and under oath, it should be sufficiently correct. If it had been a standard statement I would say, yes, there is no absolute penalty, but since the information is given under a declaration you must be absolutely careful. I would not go to the point of imposing upon the court or anyone called to adjudicate on this, "the intent to deceive". One of the most difficult things to do is to pin down "intent to deceive". If it were not under

[Interprétation]

**M. Hind:** Je signale qu'il ne faut pas se tromper sur le genre d'activités du personnel enquêteur; celui-ci ne doit pas être confondu avec celui qui enquête sur les évaluations et qui est responsable au sous-ministre lorsqu'il s'agit de déterminer la valeur normale aux termes de la Loi. En plus de ce personnel, il y a un groupe indépendant qui s'appelle le «service d'enquête» qui fait la vérification des livres et des dossiers des importateurs. Ceci prend plus que 30 ou 90 jours après.

Si je n'ai pas répondu à la question, veuillez me le dire?

**Mr. Émard:** Yes. But when there is a violation what recourse do you have against those who have been found guilty of irregularities?

**M. Hind:** Monsieur le président, je n'ai pas sous les yeux l'échelle des sanctions, mais je crois comprendre que non seulement nous percevons le montant remboursé, mais il y a une amende supplémentaire qui peut-être de l'ordre de la valeur douanière payée pour les marchandises, soit la valeur des marchandises plus le droit. C'est un montant, donc, substantiel qui est demandé à l'importateur qui n'a pas respecté la confiance qu'on avait placée en lui.

**The Chairman:** Is that all right, Mr. Émard? Nous allons maintenant passer à la page 13, les conclusions.

**M. Lambert (Edmonton-Ouest):** Article 34. C'est l'article 34 dont vous parlez, n'est-ce pas? Monsieur le président, étant donné que ces renseignements sont fournis au moyen d'une déclaration statutaire et assermentée, vous devez faire bien attention. Si, au contraire, cette déclaration est faite sous une forme ordinaire, il n'y a pas de pénalisation.

Je n'irai pas jusqu'à dire qu'il faut imposer au tribunal quelqu'un qui est chargé de porter un jugement à l'effet qu'il y a eu intention de tromper. C'est très difficile à prouver. S'il n'y avait pas d'assermentation,



[Text]

oath I would agree with you, but since it is under oath, I am sorry, my view is as is in the legislation.

**The Chairman:** You means you do not agree with the suggestion that "misleading" should replace the word "incorrect"?

• 1140

**Mr. Lambert:** No. The word "incorrect" should not be replaced by the word "misleading" in the clause.

**The Chairman:** Are there any comments, gentlemen, on the paragraphs dealing with the conclusion of the submission?

**Mr. Gray:** The Canadian Manufacturers' Association at the conclusion of their brief state and I quote:

We strongly urge therefore that a statement be made at this time by the Canadian Government re-affirming its policy that anti-dumping duties will be quickly and effectively applied whenever dumping or a threat of dumping is likely to cause injury to Canadian producers.

I would like to draw to the attention of the Association and this Committee that as far back as July 10, 1967, the Honourable Mitchell Sharp, then Minister of Finance, while discussing the results of the Kennedy Round stated:

I should like to reiterate that where dumping threatens injury to Canadian producers your government intends to see to it that in Canada anti-dumping duties are quickly and effectively applied.

I think he reiterated these views when he appeared before the Finance Committee earlier this year. I think I can say that nothing I am aware of has been said to lessen the significance of what I think is a very firm statement. I think it would be useful to put this statement on the record again at this time.

**The Chairman:** Mr. Danson, then Mr. Saltzman.

**Mr. Danson:** The word "producers" is used here and I think the interpretation of producers included workers in my understanding of previous proceedings. It is just not the manufacturer himself that might be injured, but it might be the economy through the employees.

[Interpretation]

je serais d'accord, mais comme il y en a une, je regrette, mais j'abonde dans le même sens que celui exprimé dans la législation.

**Le président:** Autrement dit, vous n'êtes pas d'accord avec la suggestion que le mot «misleading» soit remplacé par le mot «incorrect»?

**M. Lambert (Edmonton-Ouest):** Non, je regrette que le mot «incorrect» soit remplacé par le mot «misleading» dans cet article.

**Le président:** Messieurs, avez-vous des commentaires sur la conclusion de ce mémoire?

**M. Gray:** L'Association des manufacturiers canadiens, à la conclusion de son mémoire, recommande fortement, et je cite:

Nous recommandons donc instamment que le gouvernement du Canada se hâte de faire une déclaration par laquelle il confirmera sa politique que des droits antidumping seront rapidement et efficacement appliqués chaque fois qu'un dumping ou une menace de dumping seront susceptibles de causer un préjudice aux producteurs canadiens.

Je voudrais attirer l'attention de l'Association et celle du Comité, que le 10 juillet 1967, l'honorable Mitchell Sharp, alors ministre des Finances, au cours d'une discussion sur les résultats des négociations Kennedy, a déclaré:

Je voudrais réitérer qu'en cas de menace de dommages par le dumping aux producteurs canadiens, votre gouvernement a l'intention de faire en sorte qu'au Canada des droits antidumping soient appliqués promptement et d'une façon efficace.

Et je crois qu'il a insisté de nouveau à ce sujet quand il est venu au Comité des Finances plus tôt cette année. Et je peux dire que rien à ma connaissance n'a été dit pour amoindrir la signification de ce que je crois être une déclaration très ferme. Je pense donc qu'il serait utile de déposer cette déclaration dans le procès-verbal maintenant.

**Le président:** Monsieur Danson et ensuite monsieur Saltzman.

**M. Danson:** Le mot «producteurs» est employé ici et je pense que l'interprétation de «producteurs» englobe les travailleurs, si je comprends bien les procès-verbaux précédents, alors ce n'est pas seulement le fabricant lui-même qui peut subir des dommages, mais l'économie à travers les employés.

## [Texte]

**Mr. Saltsman:** Mr. Chairman, I would like to direct this question to Mr. Dobbie. On the bottom of page 13 dealing with the conclusion, the brief states:

The Association has evidence that some wholly owned Canadian subsidiaries of foreign companies are giving consideration to discontinuing their manufacturing operations in Canada...

I wonder whether you are in a position to give the Committee the names of those companies for our information?

**Mr. Dobbie:** No, Mr. Saltsman, unfortunately I cannot in your first specific question.

Your second question pertaining to the last part of that paragraph, we have had many instances that a feeling still persists among Canadian importers and foreign exporters that after January 1, 1969, dumping into Canada will be legal, which, of course, is correct. You have to prove injury subsequent to the dumping, but the view is prevalent among our importers and exporters that it is going to be far easier to get goods into Canada come January 1, 1969. I have even had exporters in my office trying to sell me merchandise first, under the claim, come July 1, 1968, you do not have to worry, now it has become January 1, 1969.

We are extremely concerned that on January 1, there is going to be a hiatus because of this feeling in the country and abroad. We are very concerned about it and that is why we included this paragraph. I think it would help at this time if the government came out with a statement re-affirming, perhaps, what Mr. Sharp, the previous Minister of Finance, said. We are most concerned about this subject.

**Mr. Gray:** Mr. Chairman, if I could respond at least in part, it seems to me there are a number of firm statements which have been placed on the record by spokesmen of the government since the Kennedy Round package has been announced and these statements, representing the views of the government, have not been amended or withdrawn in any way. I think they stand with the same force and effect as when they are first expressed. It would seem to me the subsidiaries to whom you refer, and you refer to some wholly-owned Canadian subsidiaries as giving consideration to discontinuing their manufacturing operations in Canada in the belief that Canadian industry will receive very little protection from foreign dumping after January 1, are giving such consideration on the basis of what I would suggest is a mistaken belief.

## [Interprétation]

**M. Saltsman:** Monsieur le président, je voudrais poser une question à M. Dobbie. Au bas de la page, dans la conclusion à la page 15, vous dites:

L'Association a des preuves que des filiales de propriété entièrement canadienne mais dont la société mère est étrangère envisagent de mettre fin à leur exploitation manufacturière au Canada...

Je me demandais si je pourrais poser la question suivante, à savoir si vous pouvez donner au Comité le nom de ces compagnies?

**M. Dobbie:** Non, malheureusement, monsieur Saltsman, je ne peux pas répondre à votre première question. Quant à la deuxième, pour ce qui est de la dernière partie de ce paragraphe, il arrive bien souvent qu'un sentiment persiste chez les importateurs canadiens et les exportateurs étrangers à l'effet qu'après le premier juillet, le dumping au Canada sera illégal, ce qui est exact. Vous devez prouver qu'il y a eu dommage par suite de dumping. Mais l'impression qui prévaut chez les importateurs et les exportateurs, c'est qu'il sera plus facile d'importer des marchandises au Canada à partir du 1<sup>er</sup> janvier 1969.

Des exportateurs sont venus chez moi me vendre leurs marchandises avant le 1<sup>er</sup> juillet 1968, en vertu du règlement, mais il n'y a aucune inquiétude à avoir, c'est maintenant reporté au 1<sup>er</sup> janvier 1969. J'ai l'impression qu'au 1<sup>er</sup> juillet il va y avoir un hiatus à cause de ce sentiment dans le pays et à l'étranger. Ceci nous inquiète beaucoup, c'est pourquoi nous avons inclus ce paragraphe et je pense que ça aiderait beaucoup maintenant, que le gouvernement fasse une déclaration pour affirmer de nouveau, peut-être, ce qu'a dit M. Sharp, l'ancien ministre des Finances. Ceci nous inquiète beaucoup.

**M. Gray:** Est-ce que je peux répondre en partie, monsieur le président?

Il me semble qu'il y a bien des déclarations très fermes qui ont été consignées au procès-verbal et faites par des porte-parole du gouvernement depuis un an, à la suite de l'annonce du résultat des négociations Kennedy et il me semble aussi que des déclarations représentant l'opinion du gouvernement n'ont pas été amendées ou modifiées et elles ont la même vigueur qu'au moment où elles furent faites.

Vous parlez de certaines filiales entièrement canadiennes qui envisagent de mettre fin à leur exploitation manufacturière au Canada, parce qu'elles ont l'impression que l'industrie canadienne sera très peu protégée du dumping après le 1<sup>er</sup> janvier. D'après moi, il faut porter une attention à la déclaration du



[Text]

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I would also like to draw the attention of the Committee to the comment made by the present Minister of Finance in the introduction to the White Paper we are studying. The first paragraph contains a sentence with respect to the negotiation that led to the Code which provided the basis for the draft bill. The Minister says:

Canadian representatives took an active part in negotiating the Code to ensure that, on the one hand, it protected Canadian exports against the unreasonable use of dumping duties by other countries and, on the other, would leave the Canadian Government free to apply dumping duties quickly and effectively when dumping caused or threatened injury to Canadian industry.

**Mr. Lambert (Edmonton West):** Well, Mr. Chairman, we have heard this, and of course it is the intention. However, you know there is a road to a certain place that is paved with good intentions. I think it boils down to—certainly the Government is determined—a question of how effective the action is going to be by the Department, and I am sure the Department is quite anxious to get on with it. It depends on the government, I think, and how soon they will set up the Tribunal because we have the problem that no order for dumping duty shall be made unless by the Tribunal. This Tribunal will have to be set up immediately and begin functioning. I think there may be a hiatus, but I do not think that people should be quite so apprehensive.

**Mr. Gray:** Mr. Chairman, may I add that one might take note of a comment made by a member of our Committee, Mr. Danson, in the House the other day.

He spoke on the resolution to introduce the Bill to implement the Kennedy Round tariff changes. He was talking about the machinery program, and he reminded the House of the fears and apprehensions expressed by some segments of Canadian industry with respect to what might or might not have happened once the machinery program was operating.

Then he confirmed from his own experience as a manufacturer of machinery, as an importer, and as an exporter, that these fears have not been justified by experience, and that the machinery program, a rather novel concept of the Canadian customs administration, was working at quite a satisfactory level in a way that met with general approval from all concerned and particularly the interests of our country.

[Interpretation]

ministre des Finances actuel dans l'introduction du Livre blanc que nous étudions. Le premier paragraphe contient la phrase suivante, au sujet de la négociation qui a amené le Code qui a servi de base au projet de Loi. Voici ce que dit le ministre:

Les représentants canadiens prirent une part active à sa négociation, afin de s'assurer, d'une part, que les exportations canadiennes soient protégées contre un recours excessif aux droits antidumping dans d'autres pays et d'autre part, que le gouvernement canadien soit laissé libre d'imposer rapidement et efficacement des droits antidumping, lorsque le dumping cause ou menace de causer un préjudice à l'industrie canadienne.

**M. Lambert (Edmonton-Ouest):** Nous avons entendu ceci et nous savons que c'est une déclaration d'intention. Nous savons aussi qu'à un certain endroit, il y a un chemin pavé de bonnes intentions. Je veux savoir dans quelle mesure les dispositions du ministère seront efficaces. Je pense que les mesures dépendent entièrement du gouvernement et de la rapidité avec laquelle il va constituer son tribunal.

Nous avons le problème que pas un seul décret de frais de dumping ne sera énoncé, sinon par le tribunal. Le tribunal doit être constitué rapidement et doit commencer à fonctionner. C'est vrai qu'il peut y avoir une lacune, mais les gens n'ont pas raison d'être aussi appréhensifs.

**M. Gray:** Je pourrais noter un commentaire qu'un membre du Comité, M. Danson, a fait en Chambre l'autre jour. Il parlait de la résolution pour introduire le projet de loi pour appliquer les changements tarifaires du Kennedy Round. Il parlait d'un programme et rappelait à la Chambre les craintes et les appréhensions exprimées par certains secteurs de l'industrie canadienne, au sujet de ce qui arriverait ou de ce qui n'arriverait pas une fois que le système commencera à fonctionner.

A partir de son expérience comme manufacturier de machines, importateur et exportateur, il a déclaré que le passé ne justifie pas de telles craintes. La nouvelle conception de l'administration des douanes fonctionne très bien. Elle rencontre l'approbation générale de ceux qui sont concernés et sert les intérêts de notre pays.



## [Texte]

It is my feeling that with the type of effective administration referred to by Mr. Lambert, which I think is the type intended by the officials and which is being confirmed by them with each successive answer they give, apprehensions of the type the witnesses have mentioned to us will not be borne out any more than the apprehensions that were expressed before the introduction of the machinery program which is now operating in quite a satisfactory manner.

Perhaps it might be noted that I am on this Committee not merely as a member of the House but in what might be at least a semi-official capacity. Also, perhaps, the comments I have made bringing to the attention of the Committee and the witnesses statements made by ministers on behalf of the government might help to provide the assurance of re-affirmation of policy implicit in these statements.

**The Chairman:** No doubt, too, Mr. Gray there will be no objection from the present Minister of Finance to re-affirming what has been already said about the Government's intentions.

**Mr. Gray:** I certainly think he would have no objection and perhaps in his absence my comments might help at least to fill that requirement.

**The Chairman:** Have you any other questions on the conclusion, gentlemen? If not, I thank the CMA for their submission and comments made by Messrs. Dobbie, Lang and Weeks.

**Mr. Dobbie:** Mr. Chairman, on behalf of the CMA and my colleagues I wish to thank you and members of your Committee very much. We appreciate this hearing and hope that in some way we have been helpful in our remarks.

**The Chairman:** There is no doubt about that, Mr. Dobbie.

Gentlemen, we are adjourning to this afternoon at 3:30 o'clock when we will have before us the submission from Canadian Electrical Manufacturers Association, Canadian General Electric Company Limited, Canadian Westinghouse Limited. Thank you.

## AFTERNOON SITTING

**The Chairman:** Gentlemen, we have before us a representative of Canadian Electrical Manufacturers Association, known as CEMA, and representatives of Canadian General Electric Company Limited and Canadian

## [Interprétation]

D'après moi, avec le genre d'efficacité de l'administration dont M. Lambert a parlé, les hauts fonctionnaires confirment que les appréhensions, qui nous ont été mentionnées, ne seront pas plus justifiées que les appréhensions qui existaient avant l'introduction du programme visant les machines. Ce programme fonctionne très bien.

On pourrait peut-être noter aussi que je suis membre du Comité non seulement à titre de député, mais aussi à titre de spécialiste semi-officiel. Peut-être que les commentaires que je fais, en signalant à l'attention du Comité et des témoins des déclarations faites par les ministres au nom du gouvernement, pourraient aider à réaffirmer la politique implicite dans ces déclarations.

**Le président:** Il n'y aura pas d'objection de la part du ministre des Finances actuel, si on vous demande de réaffirmer ce que l'on a déjà dit quant à l'intention du gouvernement.

**M. Gray:** Il me semble qu'il n'y aura pas d'objection. Peut-être qu'en son absence, mes commentaires pourront aider à remplir cette exigence.

**Le président:** Avez-vous d'autres questions, messieurs? Je remercie l'Association des manufacturiers canadiens de son mémoire et je remercie messieurs Dobbie, Lang et Weeks de leurs observations.

**M. Dobbie:** Monsieur le président, au nom de l'AMC et de mes collègues, je veux vous remercier, vous et les membres du Comité. Nous sommes très heureux d'avoir pu témoigner devant vous et nous espérons que notre présentation sera utile d'une façon ou de l'autre.

**Le président:** Il n'y a pas de doute là-dessus. Messieurs, nous ajournons jusqu'à 3 h. 30, ou environ, cet après-midi. Vous serez saisis des mémoires de la Canadian Electrical Manufacturers Association, de la Compagnie générale électrique du Canada Limitée et de la Canadian Westinghouse Company Limited. Merci.

## RÉUNION DE L'APRÈS-MIDI

Messieurs, nous avons devant nous les représentants de la Canadian Electrical Manufacturers Association, ou CEMA, les représentants de la Compagnie générale électrique du Canada, et de la Canadian Westinghouse

*[Text]*

Westinghouse Co. Ltd. I understand that Mr. Rapsey has some comments to make before the Committee on their submission. I would ask you gentlemen to speak to the microphone, please.

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**Mr. K. H. Rapsey (President of CEMA and President Allen-Bradley Canada Ltd.):** Would you wish me, Mr. Chairman, to first introduce the members of our delegation?

**The Chairman:** On my right is Mr. Rapsey and I will ask him to introduce the other gentlemen with him.

**Mr. Rapsey:** Mr. Chairman, on my right is Mr. Samis, the General Manager of the Canadian Electrical Manufacturers Association. We then have Mr. McArthur, Assistant to the President of Canadian Westinghouse Co. Ltd. and Mr. A. F. Johnston, Manager of Corporate Relations. If any of you are working on the list I am, the title has been changed recently to Manager of Corporate Relations, Canadian General Electric Co. Ltd. We have a number of others who are here to be of assistance or to answer questions as may be necessary.

Sitting behind me on my right, I have, first of all, Mr. R. S. Sukloff, Manager of Customs, Corporate Department, Canadian General Electric Co. Ltd.; then Mr. T. A. Lindsay, President of Phillips Cables Limited; Mr. W. J. Cheesman, President, Canadian Westinghouse Co. Ltd.; Mr. J. H. Houser, General Manager, Purchases and Traffic, Canadian Westinghouse Co. Ltd.; Mr. J. H. Price, Vice-President of Sales, Canada Wire & Cable Co. Ltd.; Mr. R. D. Pollock, Executive Assistant to the President, Canada Wire & Cable Co. Ltd. and Mr. R. Noonan, President and General Manager, Pioneer Electric (Ontario) Limited.

That is our delegation, Mr. Chairman.

**The Chairman:** Thank you, Mr. Rapsey.

**Mr. Rapsey:** Mr. Chairman, I do have a preliminary remark or series of remarks that I would like to make. When composing the brief for the Canadian Electrical Manufacturers Association, we did make a deliberate effort to keep it that way—brief. It is, therefore, somewhat difficult to make a summary of a summary. Our salient points, however, are these.

This Association represents an industry that, in 1967, has an output valued at \$2.1 billion and which employed 139,000 Canadians in that year. This Association believes in

*[Interpretation]*

Company Limited. Je crois comprendre que M. Rapsey a quelques commentaires à faire devant le comité, au sujet du mémoire présenté. Messieurs, je vous demande de vous adresser directement dans les microphones.

**M. K. H. Rapsey (président de CEMA et président, Allen-Bradley Canada Ltd.):** Monsieur le président, désirez-vous que je présente d'abord les membres de ma délégation?

**Le président:** Pardon. A ma droite, monsieur Rapsey, qui va présenter les gens qui l'accompagnent.

**M. Rapsey:** A ma droite, M. Samis, gérant général de la Canadian Electrical Manufacturers Association, M. McArthur, adjoint au président de Canadian Westinghouse Co. Ltd., et M. A. F. Johnson, gérant des relations corporatives, de la Compagnie générale électrique du Canada Limitée. Aussi, plusieurs représentants qui sont ici comme conseillers ou pour répondre à vos questions, si nécessaire. Derrière moi, à ma droite, M. R. S. Sukloff, gérant des douanes, corporations et service de planification de la Compagnie Générale Électrique du Canada Ltée, M. T. A. Lindsay, président de Phillips Cables Limited, M. W. J. Cheesman, président de Canadian Westinghouse Co. Ltd, M. J. H. Houser, gérant général des achats et du trafic, Canadian Westinghouse Co. Ltd, M. J. H. Price, vice-président des ventes, Canada Wire & Cable Co. Ltd., M. R. D. Pollock, adjoint au président, de la Canada Wire & Cable Co. Ltd., M. R. Noonan, président et gérant général de Pioneer Electric (Ontario) Ltd.

Voilà notre délégation, monsieur le président.

**Le président:** Je vous remercie, monsieur Rapsey.

**M. Rapsey:** Monsieur le président, j'aimerais vous présenter une série de commentaires. En préparant le mémoire de la Canadian Electrical Manufacturers Association, nous nous sommes efforcés d'en faire un mémoire très bref. Il est difficile de faire le résumé d'un résumé, mais voici les points saillants.

Cette association représente une industrie qui en 1967 avait un rendement de deux milliards cent millions de dollars, et employait cent trente neuf mille Canadiens.



## [Texte]

expanding international trade for the benefits that flow from it, but it must be trade which is fair and equitable to all competitors. In particular, we contend that dumping is a destructive practice leading eventually to curtailment of world trade.

This Association has examined the proposed legislation and it is our opinion that it meets the obligations of Canada under GATT. Also, that it provides the framework for the protection of Canadian industry against the unfair practices of injurious dumping.

With reference to that new term "injurious" we submit that the Deputy Minister in his preliminary determinations should consider that injury is anything that adversely affects one or more of the following: the maintenance and growth of profitable markets and the efficient utilization—and I stress the word "efficient"—of capital, manpower and production facilities in Canada. However, we are pleased to note that no detailed definition of "injury" has been included in the Bill. Effective legislation requires equally effective enforcement. This is especially true of this proposed legislation.

As far as our industry is concerned, we contend that dumping has been taking place and that it has seriously injured this industry. For example, to the degree of about 35 per cent, our market for power generation and transmission equipment has disappeared to off-shore competitors. Prices quoted have been on the average 48 per cent of the prices quoted by those off-shore competitors in their own markets. These are the very practices which are condemned in Article VI of GATT. The dual pricing practices of the foreign competitors are supported by dual costing operations or tax rebates and other subsidies or drawbacks. The result of these tactics has been the loss of markets referred to earlier.

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Canadian firms have, therefore, attempted to enter the markets of these other countries, for example, the United Kingdom, to replace the lost domestic business. However, hidden non-tariff barriers have defeated such initiative and have prevented even an invitation to bid in the utility business in that country. These are the realities of the workaday world of international trade and Canada must not ignore or forget them.

Other countries are eager to, as it is called, export their unemployment to Canada, but they are not so eager to grant reciprocity to Canada. Therefore, the administrative bodies and the Tribunal must be staffed by individuals with a broad knowledge of the realities of world trade.

## [Interprétation]

Cette association croit qu'il faut étendre le commerce international et profiter de ses avantages, mais de façon juste et équitable pour tous les concurrents. Nous estimons, particulièrement, que le dumping est une mauvaise pratique qui finalement nuit au commerce international. Notre association a étudié le projet de législation, et, à notre avis, il est conforme aux engagements du Canada aux termes de GATT. Elle prévoit aussi certaines garanties qui protègent l'industrie canadienne contre les pratiques injustes du dumping préjudiciable.

Pour ce qui est du mot «préjudiciable», nous suggérons au sous-ministre de considérer comme préjudiciable, tout ce qui peut affecter l'un ou plusieurs des facteurs suivants: la croissance du marché, l'utilisation efficace, et j'insiste sur «efficace», l'«utilisation efficace» des capitaux, main-d'œuvre et de la productivité au Canada.

Toutefois, nous sommes heureux de noter qu'aucune définition du mot «préjudice» n'a été inscrite dans la loi.

Une loi efficace doit être appliquée efficacement, spécialement dans le cas de la proposition de loi antidumping. Notre industrie, par exemple, a perdu, à cause de pratiques de dumping, 35 p. 100 de son marché de générateurs et d'équipement de transmission d'électricité, aux mains de concurrents étrangers. Leurs prix de vente au Canada étaient en moyenne évalués à 48 p. 100 de leurs prix de vente locaux.

C'est ce que condamne l'article 6 de GATT. Cette pratique de doubles prix de nos concurrents est appuyée par le double coût des opérations et des rabais d'impôts et autres subventions aux retraits. Cette tactique a occasionné la perte des marchés dont j'ai parlé tantôt.

Les entreprises canadiennes ont donc essayé d'entrer sur le marché de ces autres pays, comme le Royaume-Uni, pour compenser les marchés domestiques perdus. Toutefois, des barrières non tarifaires ont empêché une telle initiative, et ont même empêché une invitation à des appels d'offres sur le marché des services publics au Canada. Voilà les réalités du commerce international et le Canada ne doit pas les oublier ou les ignorer.

Certains pays exportent leur chômage au Canada mais ils ne sont certainement pas prêts à nous accorder beaucoup d'avantages en retour. Les organismes administratifs des tribunaux doivent être composés de gens qui connaissent très bien les normes des échanges internationaux.



## [Text]

Our concerns are also related to the broad economic and social objectives of Canada. We are concerned with the fact that we must have a climate that is conducive to the continued expansion of industry. Only in this way will we be able to provide the jobs for our better educated craftsmen, industrial workers and professional men and women who will be joining the labour force in increasing numbers in the years ahead.

With all this in mind we recommend enactment of this legislation and we urgently remind the government of the day and all future governments of the need to provide the competence to enforce this legislation aggressively.

This, I think, is the gist of our submission, Mr. Chairman. I would ask you whether it would be possible, in view of the relative shortness of our printed submission, to have it attached to the minutes so that it will be available for those who will be reading the proceedings of this Committee.

**The Chairman:** Mr. Rapsey, it has always been the practice of this Committee that any brief sent to the Committee is printed as an appendix to the Minute of Proceedings and Evidence.

**Mr. Rapsey:** I see. Thank you Mr. Chairman. This delegation, of course, stands ready to answer any questions on our brief or related to the electrical manufacturing industry.

**The Chairman:** Yes, before accepting any questions from our members we have also with us Mr. Arthur from the Department of Finance and Mr. Hind, Assistant Deputy Minister, the Department of National Revenue (Customs and Excise). I was asked for your help, gentlemen of the Committee. When one of your colleagues has the floor and you wish to ask a question, will you raise your hand? This will help our technicians in their work. I recognize Mr. Lambert, followed by Mr. Hales.

**Mr. Lambert (Edmonton West):** Bearing in mind what was said at the hearings last January by the representatives of CEMA and bearing in mind what you have said today, there is an inference that dumping has taken place notwithstanding the activities of the Department of National Revenue. How much of this loss of market that you attribute—you said 35 per cent—has been lost as the result of what you say is dumping, because we are

## [Interpretation]

Il faut aussi tenir compte des objectifs économiques et sociaux beaucoup plus vastes du Canada. Nous sommes intéressés par le fait qu'il y a un climat qui amène l'expansion constante de l'industrie. C'est seulement de cette façon que nous pourrions fournir les emprunts nécessaires pour avoir des employés, des ouvriers, des professionnels mieux éduqués, hommes et femmes, qui vont dans le monde du travail et augmenter les effectifs du travail dans les années à venir.

Tenant compte de ceci, nous demandons que l'on applique des mesures législatives et nous rappelons au gouvernement actuel, et à tous les autres gouvernements qui lui succéderont, qu'il faut appliquer de façon agressive cette mesure législative.

Et voilà la liste de nos propositions, monsieur le président. Je voudrais vous demander s'il serait possible, étant donné que notre mémoire écrit est assez court, de le faire ajouter à l'annexe au procès-verbal pour rendre service aux membres du comité?

**Le président:** Tout mémoire envoyé au Comité est habituellement ajouté en annexe aux procès-verbaux et au compte rendu.

**M. Rapsey:** Merci, monsieur le président. Notre délégation est évidemment disposée à répondre à toutes les questions que vous voudrez poser sur ce mémoire, ou aux questions qui auraient trait à l'industrie électrique.

**Le président:** Avant d'accepter des questions, je vous signale que M. Arthur, du ministère des Finances, et M. Hind, sous-ministre adjoint du Revenu national sont ici et je demanderais donc aux membres du Comité, lorsqu'un collègue a la parole et qu'un de vous désire poser une question, de bien vouloir lever la main afin de permettre aux techniciens de mieux accomplir leur travail. Je donne la parole à M. Lambert qui sera suivi de M. Hales.

**M. Lambert (Edmonton-Ouest):** Tenant compte de ce qu'on a dit au cours de l'audience de janvier dernier et des affirmations des représentants de CEMA, et de ce que vous dites aujourd'hui, je crois comprendre que le dumping s'est produit nonobstant les activités du ministère du Revenu national. Quelle part de cette perte de marché, vous dites que 35 p. 100 a été perdu à cause du dumping.

## [Texte]

concerned here with dumping. If it is somebody who with a pencil that is a little sharper, would you recognize that as legitimate competition in the same way that you sharpen your own pencils? However, we are interested in dumping. If it is prevalent now, can we stop it under the new legislation or do we have to take other steps?

• 1605

**Mr. Rapsey:** Mr. Chairman, this raises a question of pricing practices which I referred to briefly and there is some mention of it in our presentation. I think it would help the Committee if we could at this time present a chart which we had prepared and which we have copies of to hand out, but we also have a large one which I think we can work from in this meeting. This chart shows the arithmetic of this sort of thing—the type of thing that does happen. With your permission, Mr. Chairman, I would like to call upon Mr. McArthur to present the chart at this time and then I think other members may have some detailed examples of exactly of what Mr. Lambert is talking about.

**Mr. A. A. McArthur (Member of CEMA Trade Committee and Assistant to the President, Canadian Westinghouse Co. Ltd.):** Thank you, first of all, Mr. Chairman, I would like to point out that we made up this chart to help ourselves analyse the sort of situation that we would be up against if the proposed legislation became law together with what Regulations have been made available to date.

I would like, first of all, to point out that this is an example of several alternative transactions which could occur for one product. We have assumed a figure of 100 as being the fair market value of this product in the country of origin and we further assumed that if that is the fair market value in the country of origin and it is a continuing business, that this is profitable to those who are engaging in the business and selling at that price.

On the left hand side of the chart we have fair market value on the first line; then we have a line called normal value; we have have a line called export price and a line called margin of dumping. I hope you will not feel that I am trying to inform you people who are much more knowledgeable about the techniques, but merely for clarity am I going through this.

## [Interprétation]

On parle de dumping ici. Si quelqu'un a un crayon un peu plus aiguisé, diriez-vous que c'est de la concurrence en regard de la façon dont vous aiguisiez votre crayon? Mais ce qui nous intéresse, c'est le dumping. Si c'est ce qui prévaut à l'heure actuelle, pouvons-nous y mettre un frein au moyen de la nouvelle législation, ou devons-nous prendre d'autres mesures?

**M. Rapsey:** Ce sont les établissements des coûts qui entrent en jeu ici; nous en avons parlé dans notre mémoire et ça pourrait peut-être aider le Comité que nous présentions le tableau que nous avons préparé et dont nous avons des exemplaires que nous pouvons distribuer. Mais, nous avons aussi un plus grand format dont nous pouvons nous servir en ce moment et qui démontre comment nous faisons nos calculs. Et, avec votre permission, monsieur le président, je vais demander à M. McArthur de nous présenter cette carte ou ce tableau. Ensuite, peut-être que d'autres membres du Comité pourront avoir des exemples plus détaillés sur le sujet soulevé par M. Lambert.

**M. A. A. McArthur (Adjoint au président de Canadian Westinghouse Co. Ltd., et membre du conseil CEMA):** Merci, monsieur le président. Tout d'abord, je voudrais vous faire remarquer que nous avons fait ce tableau pour nous aider à analyser les différentes situations que nous aurons à affronter si l'avant-projet devenait Loi, de même que les règlements qui sont déjà en vigueur aujourd'hui.

J'aimerais, tout d'abord signaler que, vous avez ici un exemple de plusieurs transactions qui peuvent se produire pour un tel produit. Nous avons assumé, au départ, que le chiffre de 100 était la juste valeur commerciale de ce produit dans le pays d'origine.

Nous avons aussi posé comme hypothèse que si c'était la valeur juste et équitable d'un produit dans un pays d'origine et que c'est une entreprise constante c'est-à-dire que l'on continue la fabrication qui est profitable pour les gens qui sont dans cette entreprise et qui vendent à ce prix.

A gauche du tableau, nous avons la juste valeur sur le marché sur la première ligne, ensuite, nous avons une autre ligne, valeur normale, troisièmement: prix d'exportation, ensuite, marge de dumping. J'espère que vous ne trouverez pas que j'essaie de parler à des gens qui sont beaucoup plus renseignés que moi au point de vue technique, mais c'est simplement pour clarifier les choses que j'agis ainsi.



## [Text]

The fair market value and the export price, of course, will appear on the customs documents. The normal value is a matter for determination by the Deputy Minister. The margin of dumping by definition in the proposed legislation is the excess of normal value over export price.

I would like to explain some of the other things in a few moments. The first column in blue represents the transaction where the fair market value is 100. We are giving the benefit for the purposes of this exposition of any possible allowances that might be considered, bearing in mind the Regulations are not yet complete. We are giving the benefit to the exporter that the normal value might be 90 relative to the 100 and we will say that the exporter is selling at 90. There will be no margin of dump. There will be no anti-dumping duty. We have for this particular example used 15 per cent as the current rate of duty. The import duty would be \$15.00, and \$90.00 export price plus \$15.00 is \$105.00 the landed cost.

The two middle columns are examples of the kind of dump foreign pricing or the arithmetic of it that can occur with intermediate types of goods. We are, as one of the members of the Committee pointed out, up against this type of thing all the time. You will see there that the export price is \$20 less than the normal value. The margin of dumping is \$20 and unless under the new law injury to the production of like goods is found by the Tribunal that order will have a landed cost in Canada of \$85. We would consider that that might be an order lost to Canadian production.

## ● 1610

In the next column, however, if the Tribunal were to bring in a finding of injury, the anti-dump duty of \$20 would apply and the total would come up to \$105 as the landed cost.

The two right hand columns are an example of the incremental costing and pricing which can occur, particularly in the heavy apparatus end of the business. These heavy apparatus businesses all over the world are highly cyclical. In a number of countries they are an extremely important matter at the federal level.

There are, as has been explained, I think, arrangements whereby the national supply of power must be guaranteed and, therefore, the producers must provide the capability and

## [Interpretation]

La valeur du marché juste et le prix d'exportation évidemment sont indiqués sur les documents aux douanes. La valeur normale doit être déterminée par le sous-ministre. La marge de dumping, par définition dans le projet de loi, est l'excédent de la valeur normale par rapport au prix d'exportation. Je vais expliquer ça tout à l'heure. La première colonne en bleu représente la transaction où la valeur du marché est 100. Nous donnons le bénéfice, pour les objectifs de cet exposé, à toute allocation qui pourrait être considérant, nous rappelant que le projet de loi n'est pas encore terminé.

Donc, nous donnons l'avantage à l'exportateur, que la valeur du marché puisse être 90, relativement à 100, et nous dirons que l'exportateur vend à 90. Il n'y a pas de marge de dumping et pas de droits d'antidumping. Et ici nous nous servons, à titre d'exemple de 15 p. 100, comme étant le taux courant du droit. Le droit d'entrée serait de \$15; prix d'exportation totaux une fois le prix arrivé au pays importateur \$90, plus \$15, donne un total de \$105, une fois le produit livré au pays.

Aux deux colonnes suivantes, vous avez l'exemple du genre d'établissement des prix de dumping étranger avec les biens intermédiaires de consommation. Certains membres du Comité ont déjà signalé que nous devons affronter ce genre de situation constamment. Ici vous voyez que le prix d'exportation est de \$20 de moins que la valeur normale. La marge de dumping est de 20 et, à moins qu'avec la nouvelle loi, le tribunal déclare qu'il y a un préjudice à la production de telles marchandises le prix, au Canada, sera de 85. D'après nous, ce serait une perte pour la production canadienne.

Dans la colonne suivante cependant, si le tribunal devait trouver qu'il y a un préjudice, les droits antidumping de 20 s'appliqueraient et le total serait de 105 une fois rendu au pays.

Dans les deux colonnes de droite maintenant, vous avez un exemple de l'augmentation du coût et du prix, qui peut se produire surtout dans les industries d'appareils lourds de l'entreprise. Ces entreprises d'équipement lourd suivent un cycle, partout dans le monde. Dans bien des pays, ce sont des choses très importantes au niveau fédéral.

Comme on vous l'a expliqué, il y a des ententes d'après lesquelles l'approvisionnement national de pouvoirs doit être garanti. Par conséquent, les producteurs doivent four-



[Texte]

the capacity to supply this equipment during the years of peak requirement for a new plant.

In years when these peak new suppliers are not required, they will have a considerable amount of excess capacity and they are very anxious to use this up.

The \$100 fair market value is a profitable figure to them. They can, therefore, price down to what we call direct product cost, that is to say, the material cost, the direct labour input for the particular order and only that additional variable overhead which occurs because of taking that additional order. The number in the order of the export price shown there of \$50 is quite in order and they are still not losing money incrementally.

If we were able to prove injury or the Tribunal found injury, the final landed cost would be \$105. If not, it would be \$65. I think that explains the arithmetic.

**Mr. Rapsey:** Mr. Chairman, we have not answered Mr. Lambert's question. I was going to ask Mr. Samis to do so, but is there some question from the Committee directly on this chart before I turn it over to Mr. Samis?

**Mr. Hales:** I think my question would be in the line opposite export price. In the second last column on the left, the export price of \$50. I would like to know how they arrived at this, how it would pass our customs officials as being all right and what devices, tax structures or other things were used in these countries to arrive at this export price.

**Mr. Rapsey:** Mr. Hales, I do not think it would pass our customs and I think what I am going to ask for in a further report will explain that. If you would not mind leaving that question for a moment.

**Le président:** Oui, M. Lambert.

**Mr. Lambert (Edmonton West):** Even if there were dumping duty imposed, when you get into the heavy equipment which is not of a series but, say, for a plant and it is a multi-million dollar item—it is on a tender basis; there is a firm contract—the Canadian purchaser is usually a public authority or a private utility company who holds to that price. Now, regardless of whether dumping duty is applied or not, that dumping duty will be paid by the person who supplies, surely,

[Interprétation]

nir la capacité et la possibilité de fournir ces équipements pendant les années d'exigence de pointe d'une nouvelle usine. Les années où ces nouveaux besoins ne sont pas nécessaires, il y aura une capacité excédentaire considérable et on tient beaucoup à en tirer profit.

Le \$100 de la valeur du marché normal est rentable pour eux.

Donc, il faut tenir compte du coût direct du produit, c'est-à-dire le coût du matériel, de l'apport direct de main-d'œuvre pour produire un bien de consommation. Les frais supplémentaires variables se présentent seulement lorsqu'on a des commandes supplémentaires. Ensuite, pour les prix d'exportation, on indique 50 et les fabricants ne perdent pas d'argent, si on tient compte de l'accumulation.

Si on peut prouver qu'il y a un préjudice, le coût final de l'exportation serait 105, sinon, il serait de 65. Je pense que cela explique à peu près le calcul.

**M. Rapsey:** Monsieur le président, nous n'avons pas répondu à la question de M. Lambert. Je voulais demander à monsieur Samis de le faire. Je veux savoir si les membres du comité ont des questions à poser au sujet du tableau, avant que l'on passe à M. Samis.

**M. Hales:** J'ai une question à poser sur la ligne opposée au prix d'exportation, dans l'avant-dernière colonne, où le prix d'exportation est de \$50. Je voudrais savoir comment ils sont arrivés à ceci, et comment les agents des douanes pourront l'accepter. Je voudrais savoir exactement quelle structure fiscale est utilisée dans ces pays pour arriver à ce prix d'exportation.

**M. Rapsey:** M. Hales, je ne pense pas que ce serait accepter aux douanes. Ceci sera expliqué dans un prochain rapport que je demanderai. Si vous voulez retenir votre question pour l'instant.

**The Chairman:** Yes, Mr. Lambert?

**M. Lambert (Edmonton-Ouest):** Même s'il y avait des droits de dumping, l'équipement lourd pour une entreprise est une affaire de plusieurs millions de dollars. Il y a un appel d'offres et un contrat en bonne et due forme. L'acheteur canadien, qui est une autorité publique ou une entreprise privée, est prêt à payer tel prix. Que le droit de dumping s'applique ou non, ce droit de dumping sera payé par la personne qui fournit l'équipement, sans aucun doute. La commande est perdue pour le

[Text]

and the order is lost. In so far as the Canadian manufacturer is concerned the business has gone anyway.

• 1615

**The Chairman:** Mr. Gillespie?

**Mr. Gillespie:** Did you say, Mr. Lambert, that the exporter would be paying it or the importer would be paying the duty?

**Mr. Lambert (Edmonton West):** I would say the importer would be paying under a firm contract.

**Mr. Gillespie:** I would then like to direct the question to Mr. Arthur or Mr. Hind for clarification.

**The Chairman:** Mr. Hind?

**Mr. Hind:** Mr. Chairman, if the export price is f.o.b. point of direct shipment to Canada, all duties and taxes including dumping duties would be the responsibility of the importer. We would look to the importer for the payment of the dumping duty and if the importer were to charge this back to the exporter, he would merely dig himself in deeper as far as the application of dumping is concerned.

In other words, to the extent that the exporter continued to pay all the dumping duty that we charged the importer we would continue to build up a greater liability to the maximum that is allowed under the current law, which is 50 per cent of the value of the goods.

**The Chairman:** Mr. Lambert?

**Mr. Lambert (Edmonton West):** What is the practice? Is it really f.o.b. the point of export, or is it usually f.o.b. the delivery site?

**Mr. Hind:** That, Mr. Chairman, is a matter for the exporter and the importer to arrange. I think it is done both ways in actual fact.

**Mr. Rapsey:** Mr. Chairman, to avoid perhaps unfairly putting the Department on the spot I would like at this time to ask Mr. Johnston to make a comment on this and to explain why this is something where, perhaps, the Department may not yet be involved.

Before doing so, though, I would like to make one personal comment. You will notice from this chart where dumping duty is applied that the total landed cost comes back to where it would have been if there had been no dump. I point that out merely because there seems to be a certain tendency to look on dumping duty as an added penalty,

[Interpretation]

manufacturier canadien et l'entreprise est perdue.

**M. Gillespie:** Avez-vous dit, M. Lambert, que l'exportateur paierait le droit, ou bien l'importateur?

**M. Lambert (Edmonton-Ouest):** L'importateur paierait selon un contrat rigide.

**M. Gillespie:** Je voudrais poser une question à M. Arthur ou à M. Hind.

**Le président:** M. Hind.

**M. Hind:** Monsieur le président, si le prix d'exportation est f.o.b., au point d'expédition au Canada, c'est l'importateur qui devra payer les droits de dumping. Si l'importateur envoyait la facture à l'exportateur, il serait encore plus dans le pétrin, pour ce qui est des frais de dumping.

En d'autres mots, dans la mesure où l'exportateur continuerait à payer tous les droits de dumping imposés à l'importateur, la dette serait de plus en plus grande jusqu'au maximum permis par la loi actuelle, soit 50 p. 100 de la valeur de la marchandise.

**Le président:** M. Lambert.

**M. Lambert (Edmonton-Ouest):** Voulez-vous dire f.o.b., au point d'exportation ou de destination?

**M. Hind:** Monsieur le président, c'est à l'importateur et à l'exportateur de s'entendre là-dessus. Ça se fait dans les deux sens.

**M. Rapsey:** Pour ne pas embarrasser le ministère, je pense que M. Johnston pourrait commenter cette question et expliquer pourquoi le ministère n'est pas encore impliqué dans cette affaire. Auparavant je veux faire un commentaire personnel. Vous remarquez, sur le tableau, que, lorsqu'on applique un droit de dumping, le coût total du produit revient au prix qu'il aurait s'il n'y avait pas eu de dumping. Les droits de dumping sont considérés comme une sanction additionnelle. En fait, ils ne font que ramener le prix du produit entré au pays, au point où il aurait dû être au départ. Je veux demander à M. Johnston de répondre à cette question.



[Texte]

whereas dumping duty merely restores the landed cost to where it should have been in the first place. However, that is a side comment and I would like to ask Mr. Johnston to speak to this original question.

**Mr. A. F. Johnston (Manager, Corporate Relations and Services, Canadian General Electric Company Limited):** Mr. Chairman, to come back to Mr. Lambert's original question on whether or not the industry is inefficient in terms of letting somebody have a sharper pencil—at least that is how I interpret the question. Is that correct, Mr. Lambert?

**Mr. Lambert (Edmonton West):** No, there is an element of both, but what I am concerned about is, was this lost through dumping under the present legislation? That concerns us at this present time.

The other question of whether you have a sharper pencil than the others or they have better than yours, well, that is something that concerns us in another context.

**Mr. Johnston:** In the context of international trade this was a profitable industry before 1960. I am talking now about power generation equipment, power transformers or power transmission equipment, circuit breakers and power transformers. I am talking about that part of the electrical industry—the heavy electrical industry.

Prior to 1960 it was a profitable business. In the last seven years it has had serious losses, that is six of those seven years, and the prices we have had to meet in this situation have been so low that it has concerned us. Some of us have done considerable work in trying to put together intelligence as to what goes on in the world of international trade on the pricing situation.

We have pooled information that indicates that some of our foreign competitors from foreign countries carry out a dual pricing system which they support in some cases, as with the U.K., with a dual costing system.

• 1620

The dual costing system consists of absorbing all their fixed overheads and in some cases some of their variable overheads when they get down to real marginal basis, against the home domestic sales.

When they are serving a national utility, as in the case of the U.K. like the Central Electricity Generating Board where you get agreements between CEGB and the manufacturers involved, such as switch gear manufacturers and transformer manufacturers, they can guarantee a price on this equipment that will guarantee them 16½ per cent return on investment on a one to one turnover basis, which

[Interprétation]

**M. Johnston (gérant, Corporate Planning and Services, Canadian General Electric Co. Ltd.):** Monsieur le président, pour revenir à la question initiale de M. Lambert, qui voulait savoir si l'industrie était efficace ou non, c'est permettre à quelqu'un d'avoir un crayon mieux aiguisé. C'est ainsi que je comprends la question.

**M. Lambert (Edmonton-Ouest):** Je veux savoir si cette perte est due au dumping aux termes de la législation actuelle. C'est cela qui nous intéresse dans le moment.

Quant à savoir si vous avez un crayon plus aiguisé que les autres, ou vice-versa, ceci ne nous intéresse pas pour le moment.

**M. Johnston:** Dans le domaine du commerce international, si vous considérez cette industrie depuis les six ou sept dernières années, vous voyez qu'avant 1960, c'était une industrie rentable. Je parle de l'équipement des générateurs et de la transmission de l'énergie, des coupe-circuit et des transformateurs. Nous parlons de ce secteur de l'industrie électrique, de l'industrie électrique lourde. Avant 1960, c'était une industrie rentable. Au cours des sept dernières années, il y a eu des pertes sérieuses, c'est-à-dire pendant six des sept dernières années. L'établissement des coûts qu'on a dû faire était si bas, que cela nous a inquiétés. Certains d'entre nous ont fait beaucoup de travail pour essayer de rassembler nos cerveaux, afin de découvrir ce qui arrivait dans le domaine du commerce international à l'égard de l'établissement des prix. Nous avons d'autres renseignements qui indiquent que certains de nos concurrents étrangers dans les pays étrangers ont un double système d'établissement des prix, qui va de pair avec un double établissement des coûts comme au Royaume-Uni. Ce qui consiste à absorber tous les frais supplémentaires fixes et ceux qui sont variables, lorsqu'on arrive sur une base marginale, aux dépens des ventes domestiques. Dans le cas du Royaume-Uni et de la Commission centrale de l'énergie électrique, vous avez des ententes entre CEGB et les manufacturiers, comme, par exemple, les manufacturiers de dispositifs interrupteurs et de transformateurs. Ces ententes peuvent garantir un prix sur cet équipement, qui leur assurera un revenu de 16.5 p. 100 sur leurs investissements. Ce qui veut dire qu'ils vont faire 16.5 p. 100 sur leurs



## [Text]

means they are going to make 16½ per cent on sales, coupled with the fact that the balance of the rest of their overhead is absorbed in other domestic business.

They then can marginally cost and say: "Well, we are making a profit on our export sales." When really if they had to do this on the same basis as we do or they applied an overhead on the same basis as their domestic sales, they certainly cannot come down to the prices that we have been experiencing in the market.

This has ended up with putting this industry in jeopardy and the industry is struggling to survive at this point in time.

We also know that in most of these items such as transformers, for example, when it comes to our cost efficiencies and productivity that we can equal or better these competitors about whom I am speaking.

We contend that this dumping has occurred; it has put this industry in jeopardy and it is true that in the past there has been the contention on the part of the administration, probably, that there has been difficulty in determining what the fair market value price was in the country of origin.

This is probably true because the ratings are such that they are not in use in the U.K. or France for the high voltage systems we have in this country or on this continent.

In fact one of the peculiarities of the industry here in Canada is that we supply utility systems. They are the second and fourth largest on the continent and they certainly rank in the top 10 in the world. We have an industry that has, in the past, been capable of supplying this at a profit.

In recent years, the European capacity as well as the U.K. and Japanese capacities have built to the point where after supplying their own market they now have surplus capacity and this situation is getting more acute. They are going to these marginal costing operations to support their pricing in the market, but making sure they absorb their overheads in the home market.

This is the reason we feel dumping has definitely occurred, but it has been difficult to prove. Just recently we have been able to put intelligence together that shows us where we sit productivity-wise, cost efficiency-wise and what is really going on in this world of international trade.

It is a cruel world; it is a rough and ready world; the foreign competitors are not worried about the workers in Canada and as someone so aptly put it: "They are exporting their unemployment to Canada."

## [Interpretation]

ventes, en plus du fait que leur surplus est absorbé sur le marché domestique.

Ils peuvent établir un coût marginal et dire qu'ils font un profit sur leurs ventes d'exportation. En fait, s'ils avaient fait cela sur la même base que nous ou s'ils appliquaient des frais généraux comme pour leurs ventes domestiques ils n'atteindraient pas nos prix. Ceci a mis cette industrie en danger et l'industrie essaie de survivre maintenant. En ce qui concerne des articles comme des transformateurs, par exemple, nous savons aussi que nos coûts d'efficacité et de productivité peuvent soutenir la concurrence.

Donc, nous estimons que le dumping s'est produit et a fait du tort à l'industrie. Il a été prouvé que, dans le passé, il a été allégé, par l'administration probablement, qu'il était difficile de déterminer la juste valeur du marché dans le pays d'origine. C'est vrai, parce que la situation est telle qu'on ne se sert pas de ces prix, au Royaume-Uni ou en France, pour les systèmes en haut voltage, que nous avons dans ce pays.

Ici au Canada, la différence est que nous fournissons des systèmes de services publics. Notre service est au deuxième et au quatrième rang sur ce continent, et certainement dans les dix premiers dans le monde. Notre industrie, par le passé, a pu fonctionner avec profit. Ces dernières années, la capacité européenne, la capacité britannique et japonaise ont augmenté à tel point qu'ils peuvent approvisionner leurs propres marchés. Ils ont, depuis quelques années des excédents de capacité qui vont en s'accroissant. Maintenant, ils se tournent vers ces opérations à frais marginaux afin d'appuyer leur fixation de prix sur le marché, tout en s'assurant qu'ils absorbent leurs frais généraux dans le marché intérieur. C'est pour cette raison que nous pensons qu'il y a eu du dumping. C'est difficile à prouver.

Récemment, nous avons réussi à rassembler des renseignements qui nous montrent où nous en sommes sur le plan de l'efficacité et de la productivité et ce qui se passe réellement dans le milieu international du commerce.

C'est un mode cruel. C'est un monde qui emploie des méthodes grossières et expéditives et les concurrents étrangers ne se font pas de soucis à l'égard des travailleurs du Canada et comme quelqu'un l'a si bien dit «Ils exportent leurs chômeurs au Canada.»

[Texte]

**Mr. Arthur:** Mr. Chairman, I just wanted to clarify one or two points that had come up earlier, but do not directly relate to the matters Mr. Johnston was discussing.

**The Chairman:** Mr. Hales, is your question related to what Mr. Johnston just said?

**Mr. Hales:** Yes, I was going to ask Mr. Johnston if there is provision in the new legislation to take care of the very problem that he spoke about, particularly that of dual pricing which goes on in other countries?

I would like to back up his statement about the effects of dumping in this country because the General Electric plant is situated in my riding. I am well aware of the fact that they laid off 130 men just recently, because of the dumping of transformers into Canada and I am very, very interested whether this new legislation will take care of this problem.

Mr. Johnston, do you see protection against this kind of practice in the new Regulations?

• 1625

**Mr. Johnston:** I see the frame work for the protection of Canadian industry in this situation, but as Mr. Rapsey, the President of our Association, put it in his opening remarks, sound legislation requires very sound and aggressive enforcement and implementation. Only to the degree that the present government or future governments are prepared to enforce the legislation aggressively and to be very knowledgeable and sophisticated about what goes on in the workaday world of international trade where there is surplus capacity such as exists in the electrical industry world wide, are we going to be guaranteed that we will not suffer these kind of market losses and under utilization of our Canadian capacities and skills.

**Mr. Hales:** Mr. Johnston, no doubt you will be alerting the Department the minute you realize dumping is taking place?

**Mr. Johnston:** This is correct.

**Mr. Gillespie:** I would like to address my questions to Mr. Johnston. I have a few remarks to make on which, perhaps he would like to comment.

I have read that the electrical industry has a rather special problem here and I wondered if it might not be in part, because of the non-tariff type of protection. What I am getting at is this: If a country such as the U.K., that you have mentioned, protects its domestic manufacturers with non-tariff barriers

[Interprétation]

**M. Arian:** Je voudrais simplement préciser un ou deux points qui ont été soulevés plus tôt, mais qui n'ont pas de rapport avec ce que M. Johnston...

**Le président:** M. Hales, votre question a-t-elle un rapport avec ce que vient de dire M. Johnston?

**M. Hales:** Je veux demander à M. Johnston s'il croit que la nouvelle législation s'occupera du problème dont il parle notamment la fixation double des prix qui se pratique dans les pays étrangers. J'aimerais étayer sa déclaration sur les effets du dumping dans ce pays, parce que l'usine General Electric se trouve dans ma circonscription. Cette société vient de congédier 130 employés à cause du dumping de transformateurs au Canada. J'ai un très vif intérêt à voir que cette nouvelle législation prenne soin de ce problème. Monsieur Johnston, à ce sujet, croyez-vous que les nouveaux règlements pourront offrir le système de protection nécessaire?

**M. Johnston:** J'entrevois, dans ces règlements, un cadre qui puisse protéger l'industrie canadienne mais comme l'a dit M. Rapsey, le président de notre Association, dans ses remarques initiales, une bonne législation comprend une mise en vigueur et une exécution très judicieuse et agressive. Nous ne pourrions garantir que nous ne souffrirons pas des pertes de marché de ce genre, tout en utilisant nos capacités et nos talents canadiens, qu'en autant que le gouvernement actuel ou futur soit prêt à mettre la législation en vigueur de façon agressive et à faire preuve d'intelligence et de doigté en ce qui concerne les développements quotidiens du commerce international, qui font preuve d'un potentiel de surplus tel qu'il en existe dans l'industrie électrique partout dans le monde.

**M. Hales:** Vous avertirez, sans doute, le ministère aussitôt que vous vous rendrez compte qu'il y a du dumping, n'est-ce pas, monsieur Johnston?

**M. Johnston:** En effet.

**M. Gillespie:** J'aimerais poser ma question à M. Johnston, à propos d'un commentaire sur lequel il voudrait peut-être nous dire quelques mots. J'ai lu que l'industrie électrique se trouve face ici à un problème plutôt particulier et je me demande si ce ne serait pas dû, en partie, au système de protection du type non tarifaire. Voici ce que je veux dire: si un pays tel que le Royaume-Uni, comme vous avez dit, protège ses propres manufacturiers par un système non tarifaire, il faut



[Text]

because it has the domestic market which will enable it to allocate its overhead, it is then free to indulge in the kind of practice that you talked about. The size of the domestic market then is critical and the protection of it is critical in order to engage in the kind of practices that you referred to.

Am I correct in assuming that this is, in fact, occurring, that is non-tariff barrier protection, keeping you out of other markets and securing them at their home base? Is this one of the reasons why you feel that your industry is perhaps more vulnerable than others?

**Mr. Johnston:** Yes, Mr. Gillespie, this is certainly true and you have practically answered the question, but I could elaborate on it to some length. In the U.K., for example, it is impossible to get an opportunity to bid to the Central Electricity Generating Board for any kind of equipment.

We, as a company, did secure one order for transformers some years ago, about 1963 or 1964, and we were accused of dumping into Britain when we had quoted a price which was roughly 5 per cent higher than the British manufacturers were quoting in Canada.

Since that time we have been refused permission to even quote. In fact, Sir Stanley Brown, has recently as this year, wrote us a letter in reply to a letter from our export manager saying that they had no desire at the present time to expand their circle of suppliers, or words to that effect. So we are shut out of that market.

There are all kinds of subtle and not so subtle ways that we are shut out of other markets if we try to get into them, mainly through such things as border taxes and other devices. For example, to Japan, no one can get into Japan. Ask people like the wire and cable manufacturers or ask how many companies own any part of a Japanese company.

There is just no way to get into these foreign markets because of these non-tariff barriers and we are not in a position whereby we are able to retaliate. Coupled with the fact that the Europeans and the U.K. are very sophisticated about this, they recognize that they must have a sound domestic base from which to operate for export and this is an economic principle which no one can defeat.

We, in Canada, should remember that we cannot allow our domestic base to be destroyed even if we wish to export. We must have a strong domestic base. The British recognize this as well as the West Germans, the French and the Italians and they build a

[Interpretation]

qu'il ait un marché intérieur qui puisse absorber ses frais généraux; ce qui lui donne la liberté d'agir de la façon dont vous avez parlé.

L'étendue du marché intérieur et son système de protection sont des éléments critiques dont il faut tenir compte pour s'engager à suivre les pratiques dont vous avez parlé. Ai-je raison en supposant que ceci se fait effectivement, c'est-à-dire, qu'un système de protection non tarifaire vous empêche de pénétrer dans d'autres marchés, tout en mettant ces marchés à l'abri dans leur propre pays? Est-ce une des raisons pour lesquelles vous croyez que votre industrie est peut-être plus vulnérable que les autres?

**M. Johnston:** Oui, monsieur Gillespie. C'est bien vrai et vous avez répondu assez complètement vous-même à la question. Je pourrais développer un peu l'idée. Au Royaume-Uni, par exemple, il est impossible de faire une soumission, pour de l'équipement, à l'Office central de l'énergie électrique, quel que soit l'équipement en cause. On a bien passé une commande pour des transformateurs, il y a quelques années, en 1963 ou en 1964. On nous a accusé alors de faire du dumping, bien que notre prix fût plus élevé de 5 p. 100 environ que celui des manufacturiers britanniques faisant affaire au Canada.

Depuis lors, on ne nous a même pas permis de faire des soumissions. En effet, nous avons reçu une lettre de Sir Stanley Brown, cette année même, en réponse à celle de notre directeur d'exportations, nous informant qu'aucune addition à la liste de fournisseurs n'était prévue. Ce marché nous est donc fermé. Nous sommes exclus, par de nombreux combines plus ou moins subtiles, d'autres marchés. Il y a, par exemple, des taxes frontalières et d'autres manœuvres. Prenez le cas du Japon. C'est un marché impénétrable. Ces marchés étrangers nous sont complètement fermés à cause de ces restrictions non tarifaires, qui ne nous laissent aucune possibilité de représailles. Les Anglais et les Européens sont très fins à cet égard. Ils se rendent compte que l'exportation est impossible à moins d'avoir comme base un marché intérieur bien établi. C'est là un principe économique inéluctable.

N'oublions donc pas, nous autres Canadiens, que notre marché intérieur est une base qu'il faut sauvegarder même si nous voulons exporter. Il faut d'abord un marché national bien solide. Ce principe est reconnu par les Britanniques, les Allemands occiden-



[Texte]

strong domestic base from which they work out on their exports. They can thus absorb their overhead as you have pointed out.

• 1630

**Mr. Gillespie:** Yes. Referring to the chart we have here, this particular package we have been talking about is likely to be built around this incremental pricing, that is, the fixed cost allocations of the home market, and direct cost to variable costing for the export market.

What has been your experience with our Department of National Revenue, first in the sense that they are sensitive to this problem, and second, their ability to get the kind of information which is needed to compare what might be considered normal prices at home and the export prices?

I am referring in part to the fact that you are tendering against specifications, and there may be difficulties in comparing apples with oranges for instance.

**Mr. Johnston:** Could I have Mr. Sukloff, our Manager of Customs, reply to that question, Mr. Chairman.

**Mr. R. S. Sukloff (Manager of Customs, Corporate Department, Canadian General Electric Co. Ltd.):** Mr. Gillespie, when we lose an order naturally our management wants to know some of the reasons and we have international sources—global sources—of getting rather quick intelligence. These people are familiar with the prices in both the utility market and the cost of production under normal business conditions. This is fed back to us pretty quickly.

There is a far more insidious way of dumping that I think Mr. Lambert referred to. While complying with the customs regulations of billing the importer and the exporter are the same person, and we take considerable comfort from the fact the Code devotes much attention, or I should say, the White Paper, devotes much attention to the relationship between the exporter and the importer.

For instance, an agency is set up in Canada that does the importing—Mr. Hind may, of course, challenge me on this point—and the importer is billed by the exporter at the normal price so as to avoid any scrutiny of the document. The price quoted to the end user, the utility, is considerably below that level or, in other words, below the duty paid level. They are able to do this because of the relationship. Now this is the sort of intelligence that we get rather quickly.

[Interprétation]

taux, les Français et les Italiens, qui établissent d'abord une base solide au marché intérieur avant d'exporter.

**M. Gillespie:** Pour construire ce barème de prix, il semble qu'on se basera sur le prix sur le marché local et qu'on tiendra compte aussi des exportations. Quel genre de rapports avez-vous eus avec le ministère du Revenu national? c'est-à-dire, le ministère est-il sensibilisé à ce problème? Le ministère peut-il obtenir les renseignements voulus pour comparer un prix normal au pays et un prix pour l'exportation.

Dans ce cas, il s'agit de spéculations, et il peut exister des difficultés si l'on veut comparer, par exemple, des pommes et des oranges.

**M. Johnston:** Je pense que notre gérant des douanes devrait répondre à cette question, monsieur le président.

**M. R. S. Sukloff (gérant des douanes et des services corporatifs de la Cie Générale Électrique du Canada Limitée):** Lorsqu'on perd une commande on veut savoir pourquoi. Et, nous avons des experts internationaux chargés d'obtenir les renseignements voulus. Ces gens connaissent le coût de production et les prix du marché, dans des conditions normales. Nous obtenons ces renseignements très rapidement.

Toutefois, il y a des façons beaucoup plus insidieuses de faire du dumping. Les importateurs et les exportateurs sont parfois les mêmes personnes et il est bon que, dans le Livre blanc, on parle beaucoup de rapports entre exportateurs et importateurs. La compagnie peut ouvrir une succursale au Canada, et celle-ci reçoit une facture de l'exportateur, au prix du marché dans le pays exportateur, de manière à éviter une enquête. Le prix payé par l'utilisateur est considérablement au-dessous de ce niveau ou, du moins, au-dessous du prix sur lequel on se base pour calculer les droits de douane. Ils peuvent le faire à cause de leurs rapports étroits. Voilà des renseignements qu'on nous fournit rapidement.

[Text]

Now, as to the efficiency of the Department of National Revenue, we, of course, have no way of knowing how effective our complaints are because, of course, it is very secret. All we know is that statistically instead of reducing the disappearance of our market to imports they are increasing. So one would ask oneself, is there effective administration? Now in the last two years we have found, and maybe it is a question of priority, that considerable attention has been devoted to the field of heavy electrical apparatus, and we feel, our feedback is, that some importers have been rather severely penalized.

**Mr. Gillespie:** If I may interrupt, what I am really trying to get at is the basis of pricing the export price, and the question of like product really. You are dealing with a product which may or may not be comparable to other products. I do not know. This is what I would like some comment on.

If it can be varied by writing the specifications in a certain way, then it seems to me it might be possible to export it on the basis of a very low price, sustain it on a direct costing basis, and say that method is all right. If, on the other hand, there is something similar to that product being produced in the home market then there would be a way of catching this if our own officials are aware of this practice. This was my particular point.

**Mr. Sukloff:** I do not think there is any doubt that the products are "like". They have been quoted from the same sources. The products have similar specifications and similar uses. So, if ever you came to a definition of "like" product I think you hit it right on the nose. These products on which we quote are practically identical with those of the exporter. There may have been certain evaluations that provide technical difference, but they were very narrow in the question of "class or kind." I would say they were closer to type or size—identical—and I do not think there would be a legal point in differentiating.

• 1635

**Mr. Gillespie:** I wonder if I have made myself absolutely clear. I am thinking, for instance, of an exporter in the U.K., as this country was mentioned, who is considering a tender in Canada. You are competing for the same item in Canada as he is. I am wondering whether the U.K. exporter could say: "Well, the particular item that I am tendering on in Canada is not like anything that I have supplied to my home market and, therefore, I can sustain my export price; cost it on a direct costing basis; and attract no dumping duty." This is the example I was thinking of.

[Interpretation]

Maintenant, quant à l'efficacité du ministère du Revenu national, nous n'avons aucun moyen pour savoir jusqu'à quel point nos plaintes sont entendues car, tout est très secret et confidentiel. Mais, au lieu de diminuer, l'importation nuisible à notre marché, on augmente. Alors, on se demande si l'administration est efficace. Depuis deux ans, c'est peut-être une question de priorité, on a surveillé de près l'importation d'appareils électriques lourds. Il semble que certains importateurs aient été pénalisés assez durement.

**M. Gillespie:** Je parle de la base sur laquelle on établit les prix d'exportation des produits similaires. Ici vous parlez de produits qui ne se comparent peut-être pas. Il semble qu'il soit possible d'exporter certaines marchandises sur une base de prix peu élevés et soutenir ce prix. Si d'autre part, un produit similaire est fabriqué au pays, il y a sûrement moyen de découvrir cette fraude, si nos fonctionnaires sont au courant de cette pratique.

**M. Sukloff:** Il n'y a pas de doute que les produits soient similaires. Les prix viennent des mêmes sources. Les produits ont des devis semblables et un usage semblable. Alors, je pense que vous arrivez vraiment à une définition juste de produit similaire. Les produits sur lesquels nous soumettons des prix sont presque identiques aux produits de l'exportateur. Il y a peut-être des différences techniques, mais les différences sont minimes quant à la catégorie et à la grosseur. On aurait de la difficulté à les différencier légalement.

**M. Gillespie:** Je ne sais pas si je suis clair. Prenons un exportateur du Royaume-Uni qui songe à répondre à des appels d'offre au Canada, pour le même produit que vous fabriquez. Je crois que l'exportateur du Royaume-Uni prétendra qu'il n'y a pas de produit similaire vendu dans son pays, qu'il basera son prix sur son coût de production, et sans encourir de droits de dumping.



[Texte]

**Mr. Sukloff:** Yes.

**Mr. Johnston:** This is exactly right. Consider the ratings of high voltage power transformers that have been made in this country, say for the Manicouagan project; certainly there are no similar ratings in use in England. We do not have a 735KV system in England. So this is true.

However, when an exporting manufacturer absorbs all his overhead against domestic business; only puts material cost, and maybe even some of the direct labour can be considered as labour variance and absorbed against domestic business—this has happened—plus some of the variables overhead; leaves the fixed overhead out completely on a marginal costing basis; leaves out all commercial or administrative expenses incurred in his own country; only includes those marketing expenses, or sales expenses, or agents' commissions incurred in the country to which they are importing; then you get down to a basis where the United Kingdom manufacturer can say that he is making money on his export business.

This is not internationalist trade that is fair and equitable to all, and this kind of pricing is certainly condemned in Article VI of the GATT. If we could play on these rules in their market absolute chaos would no doubt reign there. But they protect their home market as we have found out before.

**The Chairman:** I think, Mr. Gillespie, Mr. Rapsey would like to make comments too.

**Mr. Rapsey:** I would like to make a comment, Mr. Chairman. I think there are two questions here that we have not really answered yet. I am not at all sure that we have satisfied Mr. Lambert. Dealing first with Mr. Gillespie's point, as I understand it, he is asking if there is not a "like" product or a "like" size in the country of origin whether the Department, either under existing laws, or more specifically, under the proposed new act, has ways of assigning a fair market value, and a normal value for such a product which does not have any comparable sale in the country of origin.

**Mr. Gillespie:** Yes, that is right, as related to the second series of columns illustrated based on direct costing.

**Mr. Rapsey:** I believe that the mechanism is there, Mr. Gillespie, for doing just that. It is difficult, as Mr. Johnston has been saying, but there are methods available under the Bill whereby the Department will be able to set the fair market value and the normal value.

[Interprétation]

**M. Sukloff:** C'est fort possible.

**M. Johnston:** C'est exactement le cas pour le matériel de haut voltage, par exemple; celui destiné au projet de Manicouagan n'a rien de semblable à celui du Royaume-Uni. C'est donc vrai. Mais, si l'exportation couvre tous les frais généraux par la vente dans son marché national, et n'a qu'à ajouter le prix du matériel, une partie du temps des employés, et les dépenses de ventes de commercialisation, les commissions, les agents, etc., peut même arriver à faire des profits avec ces exportations, en établissant son prix à partir des coûts.

Mais, ce n'est pas du commerce international et ce genre de prix est sûrement condamné dans l'article 6 du Code du GATT. Si nous pouvions jouer sur ces règlements sur leur propre marché, ce serait un chaos absolu, mais leur marché est protégé.

**Le président:** Je pense que M. Rapsey souhaiterait faire des commentaires.

**M. Rapsey:** Il y a deux questions, ici, auxquelles on n'a pas répondu. Je ne sais pas si, par exemple M. Lambert est satisfait des réponses que nous avons données.

Pour revenir à la question de M. Gillespie, il dit que s'il n'y a pas de produits semblables ou identiques à ceux du pays d'origine, est-ce que d'après l'ancienne loi ou la nouvelle le ministère peut trouver une juste valeur pour le marché et une valeur normale pour un produit qui n'est pas vendu dans le pays d'origine?

**M. Gillespie:** Cela se rapporte à la deuxième série de chiffres, basée sur le coût.

**M. Rapsey:** Je pense qu'un mécanisme existe, monsieur Gillespie, dans ce but précis. Comme on vient de le dire, c'est difficile pour le ministère, mais, il existe des méthodes prévues par la loi qui permettent au ministère d'établir le juste prix du marché et la valeur normale.



[Text]

**The Chairman:** What is the other question by Mr. Lambert to which you think you did not reply completely?

**Mr. Rapsey:** Well, the question of what constitutes dump and what constitutes a lower cost production permitting a lower cost sale is also a very difficult one to answer. I was going to suggest that if the Committee is interested we could call on a couple more witnesses who would have examples of this kind of thing.

**Mr. Gillespie:** Mr. Chairman, just before we leave this matter I wonder if I could just put one further question to Mr. Rapsey? You say there are methods available under the provisions of this draft legislation. Are you satisfied that they are going to be adequate to this problem?

**Mr. Rapsey:** Mr. Chairman, considering the difficult nature of the problem I think they are as adequate as can be expected. I believe we would be satisfied with these methods.

• 1640

**Mr. Gillespie:** Thank you, Mr. Chairman.

**The Chairman:** Mr. Énard? Yes, Mr. Hales?

**Mr. Hales:** Before we finish dealing with Mr. Johnston's comments, I was very interested in his remark that people in the heavy electrical business are not allowed to quote on the U.K. market. Is that the statement you made?

**Mr. Johnston:** In the U.K. utility market, to the Central Electricity Generating Board, which is the only supplier of electrical energy in the U.K. That is the only major supplier.

**Mr. Hales:** Now may I ask the reverse of that? Do we in Canada allow the U.K. manufacturer of heavy electrical equipment to tender on contracts in Canada?

**Mr. Johnston:** This is an open season as it were. All the electrical utilities in Canada request bids from U.K. manufacturers. The electrical utilities in this country are by and large owned by the provincial governments, apart from two or three major systems in the West and East.

**Mr. Hales:** Can you or other representatives of like businesses in Canada give us examples of how you have lost business to the U.K. market on this basis? Has this happened?

[Interpretation]

**Le président:** Quelle est l'autre question à laquelle vous vouliez répondre?

**M. Rapsey:** Qu'est-ce que le dumping? Qu'est-ce que la production à prix moins élevé? Il est difficile de répondre à ces questions.

Je voulais suggérer que, si cela intéresse le Comité, nous pourrions convoquer d'autres témoins pour nous donner des exemples de ce genre.

**M. Gillespie:** Une autre question. Vous dites qu'il existe d'autres méthodes prévues dans le projet de loi. Pensez-vous qu'elles seront adéquates ou qu'elles nous donneront satisfaction?

**M. Rapsey:** Monsieur le président, considérant la nature difficile du problème, elles sont aussi satisfaisantes que possibles. Nous en serons satisfaits.

**M. Gillespie:** Merci, Monsieur le président.

**Le président:** Monsieur Énard, oui, monsieur Hales.

**M. Hales:** Avant de terminer cette période de questions, je m'intéresse beaucoup aux observations de M. Johnston. Il dit que dans l'industrie électrique lourde, on n'a pas le droit d'établir les prix en se basant sur le marché du Royaume-Uni. Est-ce là ce que vous avez déclaré?

**M. Johnston:** La *Central Electricity Generating Board* est le seul fournisseur d'énergie électrique au Royaume-Uni. C'est le seul fournisseur important.

**M. Hales:** Est-ce que nous, au Canada, permettons aux fabricants d'équipements électriques lourds du Royaume-Uni de faire des appels d'offres au Canada?

**M. Johnston:** C'est ouvert. L'achat d'équipement électrique provenant du Royaume-Uni est soumis aux appels d'offres. Cependant, les services publics d'électricité sont la propriété des gouvernements provinciaux, à l'exception de deux ou trois dans l'Est et l'Ouest.

**M. Hales:** Pouvez-vous, vous ou d'autres représentants de compagnies identiques, nous donner des exemples démontrant comment vous avez perdu une partie de vos commandes au profit du Royaume-Uni? Cela s'est-il produit?

[Texte]

**Mr. Johnston:** I did not follow your question, Mr. Hales.

**Mr. Hales:** You say that the U.K. manufacturers are allowed to tender in Canada. Have provincial governments or Canadian governments accepted tenders from the U.K., placed orders there and side-stepped our own Canadian manufacturers?

**Mr. Johnston:** Most certainly they have accepted the lowest price.

**Mr. Hales:** Purely on price.

**Mr. Johnston:** Yes.

**Mr. Hales:** I am amazed that we allow U.K. manufacturers to tender in Canada, and they will not allow us to tender in their country. Of course, this is a matter of policy, and it is rather surprising to me that this situation exists.

**Mr. Johnston:** If this is discussed with the local utility—particularly the provincially owned utility, their reaction is that this is a federal matter, as far as international trade is concerned. Their job is to supply electricity at the cheapest cost to the consumer and they look at the capital costs involved. They are not concerned about a dumping situation because they are not really the importer of record. They usually buy through an agent of the foreign manufacturer who is resident in Canada who becomes the importer of record.

**Mr. Hales:** Could you tell the Committee what percentage figure the provinces use, or the federal government uses, when it comes to establishing the low bidder. Supposing you were second low bidder by 10 per cent, or 15 per cent, what figure is used, I wonder, before they decide to buy out of the country?

**Mr. Johnston:** I could not give you any figure that applies generally to all utilities. You might get a utility like Quebec Hydro who gives preference to a Quebec manufacturer first, a Canadian manufacturer second, and then buys outside the country otherwise, using percentages which can vary by product line and may vary according to the economic climate in the province.

**The Chairman:** Mr. Émard?

[Interprétation]

**M. Johnston:** Je n'ai pas compris votre question.

**M. Hales:** Vous dites que les fabricants du Royaume-Uni peuvent présenter des appels d'offres au Canada. Est-ce que les gouvernements provinciaux ou le gouvernement du Canada ont accepté des appels d'offres du Royaume-Uni et ont placé des commandes dans ce pays en négligeant les fabricants canadiens?

**M. Johnston:** Oui, bien sûr, ils acceptent le prix le plus bas.

**M. Hales:** Et ce n'est qu'une question de prix?

**M. Johnston:** Oui.

**M. Hales:** Je suis très étonné de voir qu'on permet des choses semblables, qu'on préfère des appels d'offres du Royaume-Uni à ceux du Canada. Bien sûr, c'est une question de politique, mais il me semble très étonnant qu'une situation semblable existe.

**M. Johnston:** Si on en parle avec les compagnies d'utilités publiques locales, particulièrement celles des provinces, on répond que c'est du ressort fédéral quand il s'agit du commerce international et que leur responsabilité est de produire l'électricité au coût le plus bas possible. Si on considère les frais en capitaux, ce n'est pas une question de dumping qui les préoccupe, car ces compagnies d'utilités publiques ne sont pas les importateurs directs, ils achètent plutôt d'un agent, qui réside au Canada.

**M. Hales:** Pourriez-vous dire aux membres du Comité quel pourcentage les provinces ou le gouvernement fédéral utilisent lorsqu'il s'agit de trouver l'offre la plus basse. Supposons que vous êtes le deuxième plus bas soumissionnaire par une marge de 10. p. 100, ou 15 p. 100. De quel chiffre se sert-on avant de décider d'acheter à l'étranger?

**M. Johnston:** Je ne pourrais pas vous donner de chiffres s'appliquant à toutes les utilités. Il y a l'Hydro-Québec qui accorde la préférence d'abord aux fabricants du Québec, ensuite à ceux du Canada ensuite à ceux de l'étranger. Le pourcentage varie pour chaque produit et cela dépend du climat économique de la province aussi.

**Le président:** Monsieur Émard.



[Text]

**M. Émard:** Monsieur le président, à la page 4 de leur mémoire, on dit ceci:

*The Canadian Electrical Manufacturers Association* affirme que le dumping est en train de s'infiltrer dans le marché du matériel électrique au Canada, etc.

Pourrait-on m'expliquer pourquoi les grands manufacturiers de produits électriques ont établi des succursales au Japon pour fabriquer des produits qui l'étaient au Canada auparavant, et qui maintenant sont exportés ici? Je ne dirai pas que c'est du dumping, mais, le prix de ces produits est de beaucoup inférieur à celui des produits canadiens.

**Mr. Rapsey:** Mr. Chairman, I think Mr. Johnston could perhaps speak to that. With your permission, Mr. Chairman, I would like to call on Mr. Cheesman, and I think at the same time we are changing chairs, Mr. Lindsay. Both these gentlemen would have some examples, Mr. Cheesman specifically in answer to the question of Mr. Émard.

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**The Chairman:** Granted.

**Mr. W. J. Cheesman** (Director and Member of Executive Committee of CEMA and President, Canadian Westinghouse Co. Ltd.): Mr. Chairman, I must apologize that I was not able to follow the question completely because I did not have the translation.

**Le président:** Voulez-vous poser notre question à nouveau, monsieur Émard?

**M. Émard:** Je voudrais qu'on m'explique pourquoi les grands manufacturiers de produits électriques ont établi des succursales au Japon pour fabriquer des produits qui l'étaient au Canada auparavant et qui maintenant, sont exportés ici? Je disais que ce n'est peut-être pas du dumping, mais le prix de ces produits, importés ici du Japon, est de beaucoup inférieur aux produits canadiens.

**Mr. Cheesman:** Mr. Chairman, thank you for waiting. First of all, let me say I am not familiar with any specific examples of the kind of action that you refer to. You mention appliance manufacturers opening subsidiary operations for manufacturing in Japan and then using those operations as a source of products for the Canadian market. The nearest examples of the kind of thing that I think you have in mind would be some of the operations that have been opened in Asia, in places such as Hong Kong, for the manufacture or assembly of such component products as transistors. Some of those manu-

[Interpretation]

**Mr. Émard:** Mr. Chairman, on page 4 of the brief it says that: the Canadian Electrical Manufacturers' Association states that dumping is infiltrating the electrical equipment market in Canada, etc.

Could you explain why the large electrical appliances manufacturers have set up subsidiary companies in Japan to produce goods that were made in Canada before, and which are now exported to Canada? I would not say that it is dumping, although the price of these products is much lower than that of Canadian products.

**M. Rapsey:** Monsieur le président, je pense que M. Johnston pourrait répondre. Avec votre permission, monsieur le président, je voudrais donner la parole à M. Cheesman, et pendant que nous changeons de sièges je crois que M. Lindsay pourra donner des exemples. M. Cheesman pourra répondre spécifiquement à la question qui a été posée par M. Émard.

**Le président:** Accordé.

**M. Cheesman** (directeur et membre du comité exécutif du CEMA): Monsieur le président, je m'excuse mais je n'ai pas pu suivre la question car je n'avais pas mon écouteur à l'oreille.

**The Chairman:** Would you like to ask your question once more, Mr. Émard?

**Mr. Émard:** Could you explain why the large manufacturers of electrical appliances have opened subsidiary companies in Japan to produce all the goods that were previously made in Canada?

These are now imported into Canada? I said that it is perhaps not dumping, although the price of these goods imported from Japan is much lower than that of Canadian products.

**M. Cheesman:** Monsieur le président, merci d'avoir attendu. D'abord, je ne connais pas d'exemples précis comme ceux dont vous parlez. Vous parlez de fabricants d'appareils électriques ayant des filiales au Japon et qui réintroduisent ces produits sur le marché canadien. Le meilleur exemple que je pourrais vous donner, pour revenir à ce que vous dites, ce serait celui d'industries ouvertes en Asie, comme à Hong-Kong, par exemple, où l'on fabrique, ou plutôt où l'on assemble des transistors, entre autres. Certaines de ces opérations sont, en fait, des filiales de compagnies américaines. C'est le meilleur exemple



[Texte]

facturing operations are in fact subsidiaries of American corporations. That is the nearest example that comes to my mind of the sort of thing to which I believe the question refers.

**M. Émard:** Sûrement, il y a des filiales de compagnies américaines, mais des succursales de compagnies américaines en ont ici au Canada. Par exemple, Marconi, a une succursale au Japon, *Canadian Westinghouse*, aussi, si je ne me trompe pas. Je suis sûr que vous êtes beaucoup plus au courant que moi et vous pourriez m'en nommer d'autres.

**Mr. Cheesman:** Mr. Chairman with respect to the first example which was cited, Canadian Marconi Co. is, as far as I am aware, a subsidiary of a United Kingdom company, English Electric Canada. If they have a subsidiary in Japan, or an associate company in Japan, I think their ownership in that would be severely limited under Japanese law of ownership of industry. With respect to your second example of Canadian Westinghouse Co. Ltd. having a subsidiary in Japan, there is none that I am aware of, sir.

**M. Émard:** Je peux vous raconter ce qui m'est arrivé. Je suis allé chercher un petit poste de radio pour mon garçon dans un magasin d'appareils électriques, je ne voulais pas acheter un produit japonais, alors j'en ai acheté un de marque Marconi. Je m'en viens chez moi, je regarde et je lis *made in Japan*. Alors je ne sais pas si cela a été fabriqué à Montréal, portant une estampille du Japon. Je peux vous l'apporter, je l'ai encore.

**Mr. Cheesman:** Mr. Chairman, the example which has been raised, of course, is perhaps the ultimate example of injury to an industry in Canada or North America. The manufacturer of radios, particularly transistor radios, small portable radios, on this continent has virtually disappeared because the production of those products has been centred for the past five to ten years in Japan principally, and in other Asiatic locations such as Hong Kong and Taian.

• 1650

The practice you refer to, of Marconi having a transistor radio made for them to distribute on the Canadian market is, in fact, the practice which is followed today by essentially all Canadian manufacturers and distributors of electrical and home entertainment products. It has long been recognized by us that it was just not possible for us to compete with the low labour costs in countries such as Japan for products such as this.

[Interprétation]

que je puisse vous donner, se rapportant à ce que vous venez de mentionner.

**Mr. Émard:** There are certainly subsidiaries of American companies in Japan, but there are subsidiaries of American companies in Canada also. For example Marconi has a subsidiary in Japan and Canadian Westinghouse I believe also has subsidiaries in Japan.

I am sure that you are much more aware of this than I and you could give me more examples of this.

**M. Cheesman:** Monsieur le président, le premier exemple qui a été donné se rapporte à la compagnie Marconi. D'abord *Canadian Marconi* est, en autant que je le sache, une filiale d'une compagnie britannique qui s'appelle *English Electric*. S'il y a une filiale au Japon, ou encore une compagnie associée, je pense que cela devrait être limité par les lois de propriété qui existent au Japon. Le deuxième exemple, pour la *Canadian Westinghouse*, qui a une filiale au Japon, à ma connaissance il n'y en a pas.

**Mr. Émard:** I can tell you—I could tell you what happened to me. I bought my son a small radio in an electric supply store. I did not wish to buy a Japanese product so I bought a Marconi, it said, on that radio "made in Japan". I do not know if it was made in Montreal with a Japanese stamp. I doubt that. I could show the radio to you, I still have it at home.

**M. Cheesman:** Monsieur le président, l'exemple qu'on vient de donner est vraiment ultime, c'est la façon la plus grave par laquelle on peut nuire à l'industrie nord-américaine et canadienne. Les fabricants d'appareils radio ou de transistors sont presque disparus, en Amérique, car cette production provient du Japon, entre autres, et d'autres villes asiatiques comme Hong-Kong et Taïwan depuis quatre ou cinq ans. Et cette pratique, à laquelle vous référez, à savoir la compagnie Marconi fabriquant un appareil radio-transistor pour être distribué au Canada. C'est une pratique qui est suivie par presque tous les fabricants et les distributeurs canadiens aujourd'hui. On sait depuis longtemps qu'il n'est pas possible de concurrencer des pays comme le Japon où la main-d'œuvre coûte peu.

[Text]

**M. Émard:** Vous m'avez dit tout à l'heure je crois, que vous ne connaissez aucune succursale de compagnie canadienne ou américaine de fabrication électrique qui est établie au Japon?

**Mr. Cheesman:** That is correct; there are very minor holdings today by American companies in Japan. As I understand it, and I am certainly not an expert familiar with it in detail, the percentage of equity which the Japanese government allows foreigners to hold in their manufacturing industry is extremely low indeed. The arrangements in Japan of those companies I am familiar with are substantially ones of technical cross-licensing for exchange of development and technical information. As you have mentioned in the case of transistor radios, practically all members of the whole entertainment industry in North America now have their transistor radios manufactured for them in Asia, principally in Japan. These are then sold through their distribution channels, using them as supplementary products to their basic product line.

In this way, I might say, we are doing everything we can to continue survival of our industry and maintain employment for other parts of our industry, such as television, both black and white and colour, and stereo. Without having the efficiency and productivity in our distribution organization that goes with having a full line of products we would not have survived this long.

**M. Émard:** Ici, en page 14 de votre mémoire, vous dites: «Au Canada, les gouvernements, quels qu'ils soient, dépensent d'énormes sommes pour favoriser le développement et la recherche des capacités...»

Je crois que, surtout dans votre industrie, dans l'industrie électrique, les produits électriques et les produits électroniques subissent des transformations constantes, et je pense que le marché est ouvert à ceux qui peuvent présenter les dernières réalisations, c'est-à-dire les méthodes les plus avancées. Maintenant, je voudrais savoir qu'est-ce que votre industrie fait en matière de recherche, ici, au Canada?

**Le président:** M. Rapsey, s'il vous plaît? A moins que M. Cheesman puisse répondre?

**Mr. Cheesman:** Mr. Chairman I will undertake to reply to that question. First of all I think you will find on examination that in consultation with the Department of Industry and the National Research Council the electrical and electronics industry—the majority of the companies here are active in both segments of the industry—is one of the largest

[Interpretation]

**Mr. Émard:** I think you said earlier that so far as you were aware there is no subsidiary of Canadian or American Companies manufacturing electrical goods in Japan?

**M. Cheesman:** C'est bien cela. Il n'y a que de bien petites compagnies américaines au Japon. Je ne suis pas un spécialiste de ces questions. Le pourcentage d'actions que les étrangers peuvent posséder dans les industries du Japon est très bas, et dans le cas des compagnies dont je connais les ententes avec le Japon, il s'agit plutôt de licences techniques pour l'échange de renseignements techniques, et comme vous l'avez vu dans le cas des radios transistor, dans ces domaines, presque tous les transistors sont fabriqués en Asie, et surtout au Japon, pour des sociétés des États-Unis. Ensuite, ils sont vendus par leur service de distribution. Ces produits japonais viennent compléter leur éventail de produits. Et de cette façon, nous faisons tout en notre pouvoir pour survivre ici, et pour avoir de l'emploi, dans les autres parties de notre industrie comme la fabrication des télévisions en blanc et noir, en couleur, et pour les stéréos. Il faut donc de l'efficacité dans notre distribution et des lignes complètes de produits pour survivre, sans ça, nous n'aurions pu survivre.

**Mr. Émard:** On page 14 of your brief you say that in Canada government at all levels spends an awful lot on development and research. Especially in your industry, in the electrical industry, electric and electronic products there are constant changes and the market is open to those who can supply the most up-to-date models. I would like to know what you are doing as far as research is concerned in Canada.

**The Chairman:** Mr. Rapsey please? Unless Mr. Cheesman can reply.

**M. Cheesman:** J'essaierai de répondre. D'abord, après avoir étudié la question et consulté le ministère de l'Industrie et le Conseil national de recherches, l'industrie de l'électricité et de l'électronique—la plupart des compagnies, sont actives dans ces deux secteurs—nous faisons énormément de recherche. C'est peut-être nous qui en faisons le plus dans



**[Texte]**

performers of research and development in Canadian manufacturing industry. It is probably only matched in level of research and development by the aircraft industry.

To my knowledge there is a great deal of research and development being done in this country. For example, the fulfilment of the extra high voltage requirements of the Canadian generating utilities which were referred to by Mr. Johnston in his reply to the question regarding the type of apparatus which was imported from the United Kingdom. It is a matter of record that the heavy electrical apparatus manufacturers in Japan and Europe look to Canada as being an excellent place in which to practice advanced technology because we have requirements.

• 1655

Those of us in the heavy electrical apparatus business have made, and are continuing to make, very heavy expenditures in research and development in an endeavour to try to fulfil these requirements of the Canadian utilities. Our concern is that if the kind of pricing which we have portrayed here prevails, of course, it will be very difficult for us to get a reasonable return for the investment we are making. However we are determined not to be defeated; we will continue to fight. We believe with the kind of anti-dumping legislation that is being proposed here, and its administration, that we can make this a fair fight, and that we can survive.

**M. Émard:** Est-ce que...

**Le président:** Un instant, monsieur Émard, M. Rapsey voudrait faire un commentaire.

**Mr. Rapsey:** Mr. Chairman, the figures that we just pulled out here were in response to the question on research and development. Our industry is rather proud of the fact that we are among the leaders in the relative amount spent on research and development in this country.

I might say with respect to transistor radios, one of the confusing things at the present time is that many of these radios are brand named. In other words, they are being produced in Japan and elsewhere, but the Canadian industry which is a manufacturer in other things and no longer acting as a manufacturer of those radios, is simply a dealer or distributor or agent whose name is printed on them. This may perhaps have given rise to the idea that there were a lot of subsidiaries in Japan and elsewhere which were doing that. This is more a brand name type of operation.

**[Interprétation]**

toutes les industries canadiennes. Il y a peut-être seulement les compagnies qui fabriquent des avions qui font plus de recherche que nous.

Nous faisons beaucoup de recherche, par exemple, pour les systèmes d'extra-haut voltage pour les génératrices dont M. Johnson a parlé en répondant à la question sur les appareils qui étaient importés du Royaume-Uni. Je tiens à dire publiquement que pour les appareils électriques lourds, au Japon et en Europe, on se tourne vers le Canada qui est considéré comme un excellent pays où mettre à l'essai les techniques avancées car la demande est élevée.

Dans ce domaine des appareils électriques, le Canada fait beaucoup de dépenses en recherche et en développement. Nous essayons de répondre aux demandes du pays. Si la façon de fixer les prix dont nous avons parlé est adoptée, il sera bien difficile d'avoir un bon rendement pour toutes les dépenses que nous faisons. Toutefois, nous ne voulons pas perdre la partie, et nous continuerons de lutter. Tandis qu'on présente une loi sur l'anti-dumping, nous voulons lutter de façon honnête, et nous voulons survivre.

**Mr. Émard:** I would like to ask something else. Is it a fact that . . . ?

**The Chairman:** Just a moment, Mr. Émard, Mr. Rapsey would like to say something.

**M. Rapsey:** Monsieur le président, dans les chiffres que nous venons de citer au sujet de la recherche et du développement, notre industrie est très fière d'être un chef de file, car nous dépensons énormément pour la recherche et le développement au Canada. Au sujet des radios transistor, il y a un élément qui prête à confusion: un grand nombre de modèles portent des marques connues; ces radios sont fabriquées au Japon et ailleurs, et l'industrie canadienne, qui fabrique d'autres choses, ne fabrique plus de radios elle-même, les vend ou les distribue en leur donnant ses marques de commerce. Donc les radios ont des marques canadiennes. On a pu penser qu'on avait plusieurs filiales au Japon et ailleurs. C'est plutôt une question de marque de commerce.



[Text]

I might say this has been by no means completely a matter of dumping. The Japanese have done a very fine job of that, so we cannot complain that it was entirely dumping that brought us to the present condition. The Electronic Industries Association, I am sure, will have something to say about this general situation. I do not know, sir whether that subject was finished. I was going to ask Mr. Cheesman if he had some other examples.

**Le président:** Je crois que M. Émard a d'autres questions.

**M. Émard:** Non, je ne suis pas tellement intéressé par le cas des radios transistor, c'est quelque chose que je connaissais personnellement. Mais ce qui m'intéresse, moi, c'est la recherche. Parce qu'aujourd'hui, on dit partout que les seuls pays qui ont une chance de rester sur la scène internationale pour l'exportation, ce sont les pays qui ont été plus avancés que les autres sur le plan de la recherche.

J'aimerais que vous mentionniez certaines de vos compagnies-membres qui ont des laboratoires de recherche organisée. Quatre, ou cinq peut-être. Je connais la compagnie Northern Electric, ici, à Ottawa, qui a un laboratoire de recherche, mais c'est la seule que je connaisse. Est-ce qu'il y en a d'autres?

**Mr. Cheesman:** Mr. Chairman, I can give other examples. I think all of the companies in CEMA represented here today have research and development laboratories and sizeable teams of development engineers as well, working on the designs and testing prototypes of new products. We in Canadian Westinghouse have a research and development laboratory with some 80 to 85 people in it. That is basically just the tip of the iceberg, because in our 18 manufacturing and operating divisions each engineering department carries out a development program on its own specific product line, and it is supported by basic research and development.

I believe Canadian General Electric's approach is the same. Certainly in the wire and cable business the laboratories of the companies represented here are quite well known in our industry. The research department of Noranda Mines Limited, which I think you may be familiar with, is part of the organization which Canadian Wire & Cable is associated with.

• 1700

It is a fact, of course, which you perhaps have in mind that we do also utilize the output of research and development which is done by our associated companies in other

[Interpretation]

Il ne s'agit pas exactement de dumping. Les Japonais ont fait un excellent travail. Nous ne pouvons pas nous plaindre et dire qu'il s'agit vraiment de dumping. L'association de l'industrie électronique aurait sûrement quelque chose à dire à ce sujet. Je ne sais, monsieur, si nous avons fini l'étude de cette question.

**The Chairman:** I think Mr. Émard has something else to say.

**Mr. Émard:** I am not particularly interested in transistor radios. I am more interested in research but today we see everywhere that the only countries that can stay on the international export market are the countries as advanced as others on the research level. I would like you to name a few of your companies who have research laboratories that are fully organized and set up. Four or five perhaps. I know that Northern Electric has a research laboratory here in Ottawa, but that is the only one I know of. Are there other companies like this?

**M. Cheesman:** Monsieur le président, je pourrais vous donner d'autres exemples. Je crois que toutes les compagnies représentées ici, aujourd'hui, ont des laboratoires de recherche et de développement et ont aussi des ingénieurs qui s'occupent de développement, qui s'occupent de la conception et de la mise à l'épreuve des prototypes. La Canadian Westinghouse a un laboratoire de recherche et de développement et a quatre-vingt ou quatre-vingt-cinq personnes qui y travaillent. Et je ne vous montre que le sommet de l'iceberg: chaque service a son propre projet de développement, pour tel ou tel produit.

En général, je pense que General Electric a la même attitude, surtout pour les câbles et les fils. Les laboratoires des fabricants de câbles et de fils représentés ici sont très bien connus dans notre industrie: la Noranda Research, que vous connaissez probablement, est une partie de la Canadian Wire and Cable. Vous songiez peut-être aussi au fait que nous utilisons aussi les recherches et le développement faits par nos associés dans d'autres pays. Nous considérons que c'est une preuve de gestion efficace, car il n'est pas rentable d'investir des sommes dans la recherche pour réinventer la roue dans chaque pays. Je pense que les rapports qui existent entre les laboratoires du Canada sont semblables aux rap-

## [Texte]

countries. This we consider to be only prudent, efficient and effective management because it does not pay to spend money on research and development to re-invent the wheel. I think the relationship you find between the laboratories that I have mentioned in Canadian industry and those of their parents or associates in other countries is similar to the relationship that exists between Northern Electric laboratories that you referred to, and the well-known Bell laboratories in the United States, where they have very large and significant laboratories doing a great amount of research and development.

The amount of attention, the amount of effort, the amount of money going into research and development in Canada is rising in a very encouraging manner. My own concern as a manager is that we are doing something that is very necessary, but not necessarily all that is sufficient in order to utilize the output of that research and development. The kind of unfair and unequitable trade practices that we have been discussing, of course, will tend to negate the best results of research and development.

We believe that a continuing effort in research and development will only be justified and will only continue in this country if we have more protection in our home market, particularly in those large heavy apparatus products which do inherently require the highest level of technical support. The extra high voltage systems that are being installed in this country are stretching the state of the art in using all the very latest knowledge available in the word in electrical engineering.

**The Chairman:** I understand that Mr. Samis will add his comments on the question of research.

**Mr. F. G. Samis (General Manager, Canadian Electrical Manufacturers Association):** Thank you. Mr. Chairman in a survey which CEMA made a little over a year ago 40 member companies reported that they were doing research and development in Canada. A DBS publication which I have here entitled *Daily Bulletin Supplement 3*, dated April 12, 1967 shows that the electrical products industry in Canada spent on research and development in 1963 \$38.6 million; in 1964, \$48.8 million; in 1965, \$63 million; and in 1966, \$71.5 million, and in all four of those years it led all other industries in Canada.

**M. Émard:** Il est normal que dans l'industrie électrique et électronique, vous soyez à

## [Interprétation]

ports qui existent entre les laboratoires de la Northern Electric et les laboratoires de la Bell, aux États-Unis. Ce sont des laboratoires très importants où l'on fait beaucoup de recherche.

L'attention, l'effort et l'argent impliqués dans les recherches au Canada augmentent de façon très encourageante et intéressante. Nous avons fait des choses très utiles, mais cela ne veut pas dire que ce soit suffisant pour utiliser le rendement des recherches et du développement.

Et cette pratique commerciale injuste dont nous avons parlé ici aura pour effet d'annihiler les meilleurs résultats de ces recherches. Nous pensons que l'effort continu dans les recherches et le développement ne sera justifié et ne continuera dans ce pays, que si nous avons plus de protection sur notre marché domestique, surtout en ce qui regarde ces appareils lourds, c'est-à-dire les grandes pièces d'équipement lourd, qui requièrent un appui le plus considérable. On est à installer des systèmes à très haut voltage et pour ce faire, on a besoin des meilleurs savants en matière de génie électronique.

**Le président:** Je crois que M. Samis a des commentaires à faire sur la question de la recherche.

**M. Samis (gérant général, Canadian Electrical Manufacturers' Association):** Merci, monsieur le président. Dans une enquête faite par CEMA il y a un peu plus d'un an, 40 compagnies-membres ont dit qu'elles faisaient du développement et de la recherche au Canada. La publication du Bureau fédéral de la statistique que j'ai sous les yeux intitulée: «Supplément numéro 3 du Bulletin quotidien», en date du 12 avril 1967, montre que l'industrie des produits électriques au Canada a dépensé pour la recherche et le développement en 1963, \$38.6 millions; en 1964, \$48.8 millions; en 1965, \$63 millions et en 1966, \$71.5 millions. Au cours de ces quatre années, elle était à la tête de ces industries.

**Mr. Émard:** We should realize also that in an industry such as electricity and electronics



[Text]

l'avant-garde; ce n'est peut-être pas totalement à votre crédit que vous dépensiez un montant d'argent aussi pour les recherches. Sans vouloir critiquer, je crois que l'industrie électrique et électronique demande beaucoup plus de recherche que les autres industries en général.

Je voulais savoir aussi si, dans vos laboratoires, vous vous adonnez à la recherche pure ou si vous vous limitez au développement. Je pense que c'est ce qui importe, car si on veut développer un produit, complètement nouveau, ici au Canada, ce sera beaucoup plus facile de le vendre à travers le monde, tandis que si on ne fait que copier ceux qui ont été inventés ailleurs, comme aux États-Unis, par exemple, dans la plupart des cas, et qu'on essaie de les adapter, les développer et les améliorer, nos chances de nous affirmer sur le marché mondial sont beaucoup plus difficiles.

**Mr. Rapsey:** I might seem to differ with Mr. Émard, but on this question of what is pure research and what is development, of course, it is difficult to put an exact dividing line. I feel very strongly that actually what Canada needs in addition to as much more pure research as we can support is a lot more product development, because when it comes to pay-off in dollars it is the development aspect that puts the dollars into the economy. I think I am supported by numerous bodies that have been commenting on science policy in Canada which is now under study as you know, and while I would be the last one to play down or to wish to do less pure research—I wish we would do more of it—I feel we need to do much more of the product development type, than we have at the present time because this is actually what produces the dollars.

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**Le président:** Mais voici monsieur Émard, je vais accepter votre question, mais vous savez que la coutume de ce Comité est d'accorder vingt minutes à chaque député.

**M. Émard:** Une minute, et je ne parlerai pas après.

**Le président:** Non, ce n'est pas là, la question. Vous avez le droit de revenir après les autres. Monsieur Émard.

**M. Émard:** Vous avez mentionné tout à l'heure la difficulté d'établir un marché de fils et câbles au Japon. Est-ce vrai?

[Interpretation]

you should be ahead anyway. Perhaps it is not altogether to your credit to spend such amounts for research because—of course I do not want to criticize—I think that in electricity and in electronics you require much more research generally speaking than in other industries. I also would like to add this question: Do you do pure research in your labs or do you confine yourself to applied work? I think this is most important too, because I think that if you can develop a completely new product here in Canada it will be much easier to sell it throughout the world, while if we simply take products which have been invented say in other countries, such as the United States, in the majority of cases and if we tried to adjust them and to adapt them here and develop or improve them—I do not think I know what word you use but anyway, improve them—our chances to assert ourselves on the world market of course are much smaller.

**M. Rapsey:** Je peux sembler différer d'opinion avec M. Émard, mais la question de savoir ce que sont au juste la recherche pure et le développement. C'est assez difficile d'établir la ligne de démarcation, n'est-ce pas? Mais pour ma part, je suis certain que ce qu'il faut au Canada, en plus de la recherche pure, c'est beaucoup plus le travail de développement des produits, parce que quand on en vient au prix de revient en dollars, c'est l'aspect développement qui contribue à investir les dollars dans l'économie.

Pour ma part, et je pense ici que je suis certainement appuyé par bien des organismes qui ont fait des commentaires sur la politique des sciences du Canada qui fait l'objet d'une étude comme vous le savez, je serais certainement le dernier à sous-estimer ou à vouloir faire moins de recherche pure. Je voudrais qu'on en fasse davantage, mais je crois que nous devrions en faire beaucoup plus dans le domaine du développement d'un produit que nous n'en faisons à l'heure actuelle, car c'est ce qui donne le dollar, en fin de compte.

**The Chairman:** Yes, Mr. Émard. Now, I will accept this question but you know the practice of this Committee is to grant 20 minutes to each member.

**Mr. Émard:** I will just take one minute and then I will not say a word after that.

**The Chairman:** I am not saying that you cannot speak after that. You can come back after the others have had their chance.

**Mr. Émard:** Well, you mentioned the difficulty of establishing a market for wire and cables, in Japan, is that so?



[Texte]

**Mr. Rapsey:** We would like to call on Mr. Lindsay to speak on the wire and cable aspect.

**Mr. T. A. Lindsay (First Vice President of Canadian Electrical Manufacturers Association and President of Phillips Cables Limited):** I am sorry Mr. Chairman, I did not quite catch the question.

**Le président:** Voulez-vous répéter votre question. On va vous accorder une autre minute, monsieur Émard.

**M. Émard:** Je crois qu'on a mentionné tout à l'heure la difficulté d'établir un marché pour les fils et câbles canadiens au Japon. Est-ce vrai ou si j'ai bien entendu?

**Mr. Lindsay:** Mr. Chairman, I actually welcome the opportunity to reply to Mr. Émard's question. For the past 18 months, the Japanese cable makers have been making a determined and intensive drive for wire and cable business in Western Canada. Beginning in Vancouver in late 1966, Japanese wire and cable companies have offered power cable to utilities in Western Canada at dump prices, and have now virtually succeeded in excluding Canadian wire and cable companies from that particular market.

The consequent loss of the market and the depression of power cable prices has been the major consideration in the decision of our company, Phillips Cables Limited, to close down our Montreal plant. This plant has been making high voltage paper insulated power cable for the past 50 years, and we consider this not only an economic loss to the company but to Montreal and to Canada, as the skills of our Montreal employees have been irrevocably lost.

We understand that the Japanese cable manufacturers are intending to make further penetration of the Canadian market, both in the power and communication sectors, and we cannot help being apprehensive that regardless of what anti-dumping measures are taken that further injury to the wire and cable industry is imminent.

In connection with the question which Mr. Gillespie raised, it is particularly disturbing to our company that the whole Japanese wire and cable industry are effectively protected in their own market by non-tariff barriers, and are therefore able to enjoy a high degree of protection which effectively absorbs their total overhead. If you would be interested in just one specific example, our Vice-President of Sales was sent to Japan this year in an attempt to see what business he could get in Japan because the power cable and communi-

[Interprétation]

**M. Rapsey:** Je voudrais demander à M. Lindsay de traiter de ce sujet.

**M. Lindsay (1er vice-président de Canadian Electrical Manufacturers' Association):** Excusez-moi, monsieur le président je n'ai pas très bien saisi la question.

**The Chairman:** Would you repeat please your question Mr. Émard.

**Mr. Émard:** I think you mentioned the difficulty of establishing a market for Canadian wires and cables in Japan, is that true or was I mistaken? Did I understand you correctly?

**M. Lindsay:** Monsieur le président, en fait je suis très heureux d'avoir l'occasion de répondre à M. Émard. Pendant les 18 derniers mois, les fabricants de câbles japonais, ont fait une campagne intensive pour étendre leurs échanges ou plutôt leurs envois de câbles et de fils dans l'Ouest du Canada.

Débutant à Vancouver à la fin de 1966, ils ont offert des câbles de pouvoir aux services publics de l'Ouest du Canada à des prix de dumping et maintenant, ils ont presque complètement réussi à supprimer les compagnies de fils et câbles du marché dans l'Ouest.

La perte de marchés consécutive et la dépression des prix des câbles sur le marché est la question la plus importante qui a amené *Phillips Cables Limited* à prendre la décision de fermer son usine de Montréal. Cette usine fabriquait des câbles à haut voltage à isolant de papier depuis 50 ans et c'est une perte économique pour Montréal et pour le pays, et ainsi les talents de ces employés de Montréal ne sont pas mis à profit. Les fabricants japonais de câbles ont de plus l'intention de pénétrer plus avant dans le marché canadien, à la fois dans le secteur du pouvoir et celui des communications et nous ne pouvons pas nous empêcher d'éprouver beaucoup d'appréhension. Quelles que soient les mesures antidumping qui seront prises, il existe une menace pour l'industrie de fils et câbles. Quant à la question que M. Émard a soulevée, c'est assez inquiétant pour notre compagnie de constater que toute l'industrie de fils et câbles au Japon est protégée sur son propre marché par des barrières non-tarifaires.

Par conséquent, les fabricants japonais ont un grand degré de protection qui, en fait, absorbe tous leurs frais supplémentaires d'exploitation. Si vous voulez un exemple concret: notre représentant des ventes a été envoyé au

[Text]

cations cable prices are quite attractive in that country. He saw several of the communication and power utilities, asked for tenders and in every instance was refused. The refusal usually took the course of him asking for a tender and the reply was that he could not have a tender because we were not a qualified supplier. So he said: "Well, how do we become a qualified supplier?" They said "You must have the specifications and have been able to submit an approved sample of your product." He said: "Well then I would like the specifications". The answer was: "We only give the specifications to qualified suppliers."

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**The Chairman:** Mr. Hind, Mr. Lindsay said those cables were placed on the Canadian market at dump prices. What happened in your Department?

**Mr. Hind:** Mr. Chairman, I would first of all like to congratulate the CEMA organization for keeping the Department of National Revenue well informed of past importations, and prospective importations. They have furnished us with valuable information which has enabled us to go ahead in the past. I would like to hope that they will continue to do so.

On the basis of information that they have furnished to us we have looked into the value of a number of the commodities that have been mentioned today, namely, transformers, power cable, turboelectric generator sets, and a number of other things that I could mention as well. In some cases we have found dumping. We have collected dumping duty. In other cases we have found no dumping and have collected no dumping duty. I might say to Mr. Lindsay that we have found dumping in respect of the power cable that he has just mentioned.

**Mr. Hales:** Not at the moment, my question has been answered.

**The Chairman:** Mr. Lambert, you were the first one to ask a question and we cut you off part way. Have you any more questions?

**Mr. Lambert:** Well I thought Mr. Rapsey was going to come back to the point that I had raised, but his answering was diverted.

**Mr. Rapsey:** Mr. Chairman, either one of the two gentlemen who spoke last, I think perhaps more likely Mr. Cheesman, might

[Interpretation]

Japon cette année pour essayer d'y trouver des débouchés parce que les prix des câbles de pouvoir électrique sont assez bas dans ce pays. Il a vu plusieurs des services de communication et d'énergie hydraulique; il a demandé des soumissions, ce qu'on lui a refusé.

En général, il demandait, par exemple, une offre et on lui répondait: nous ne pouvons pas vous fixer de prix ou vous faire des offres, parce que vous n'êtes pas un fournisseur qualifié.

Alors, nous avons dit: comment devenons-nous un fournisseur qualifié? Alors on nous répondait: il faut que vous ayez les spécifications et que vous ayez été capable de soumettre un échantillon approuvé de votre produit. Alors nous répondions: donc, donnez-nous les spécifications. Voici la réponse: on donne des spécifications seulement aux fournisseurs qualifiés.

**Le président:** M. Lindsay dit que ces câbles ont été placés sur le marché canadien au prix de dumping. Qu'est-ce que votre ministère a fait?

**M. Hind:** Tout d'abord, monsieur le président, je voudrais féliciter l'organisation CEMA qui a toujours tenu le ministère du Revenu national au courant des importations et des prévisions d'importation. Elle nous a donné des renseignements d'une grande valeur qui nous ont facilité notre travail par le passé. J'espère qu'ils vont continuer à nous tenir au courant.

Au moyen des renseignements que nous avons obtenus de cette association, nous avons pu étudier la valeur d'un bon nombre des marchandises mentionnées aujourd'hui, soit transformateurs, câbles électriques, générateurs turbo-électriques, etc.

Dans certains cas, nous avons perçu des droits de dumping; dans d'autres cas, il n'y avait pas de dumping; par conséquent, nous n'avons pas perçu de droits de dumping. Mais je dirais à M. Lindsay qu'il y avait dumping dans l'affaire du câble dont il vient de parler.

**M. Hales:** Je n'ai pas de questions pour le moment, on y a déjà répondu.

**Le président:** Monsieur Lambert, vous étiez le premier et nous vous avons coupé la parole, avez-vous d'autres questions?

**M. Lambert:** Je pensais que M. Rapsey devait revenir aux questions que j'avais soulevées, et je pense qu'il s'en est écarté.

**M. Rapsey:** Monsieur le président, je pense que M. Cheesman serait le mieux qualifié pour répondre à cette question. Quelle part de



## [Texte]

wish to speak to this point of how much of our trouble is dumping, and how much is because we are just not as efficient or as smart or a high volume or what have you.

Qualified supplier is the term. One of the reasons we have not answered Mr. Lambert more fully and more directly is because it is a very difficult question to answer. We do not entirely know the answer ourselves, but I think that we can make some comment on it. Would you care to take that Mr. Cheesman.

**Mr. Cheesman:** Mr. Chairman, I will endeavour to answer. As our president of CEMA has said, it is a difficult subject. In part, and only in part, of course, there is the characteristic that Mr. Gillespie asked some questions about some time ago. Are the products which are being offered and will be eventually shipped into the Canadian market identical to products sold in the country of origin, and therefore are our investigators and the government's investigators able to see precisely similar transactions. The answer is no. Particularly in large heavy electrical apparatus there is a high degree of custom tailoring, custom designing.

However, this quite frankly is not a matter of great substance. There are comparisons of products close enough and the real cost difference due to the differences in technical features are very much smaller than the differences in prices we see. When we see prices as we have said of 48 per cent of the price level for the nearest equivalent product in the country of origin, then we know it is not a difference in technical features or compliance with specifications.

The other point in this regard, and one point that is not portrayed on our chart that Mr. McArthur put for you, is that the supplier shows the export price as a fair market value price. The customs officer looking at this of course, does not see a dump. He says this is a fair market value so the onus then comes back upon us to try to find out the fact of dump. As I say it is very difficult in these products to get to it.

## • 1715

The other thing, of course, under the present legislation, which we hope is going to be greatly eased under the proposed new legislation, is that at the present time there can be no action taken until the goods enter the country. In the case of a product such as a water-wheel generator there can be a 20 to 36 month gap between the time of placement of order and delivery of goods into the country. In fact, some of the major injury to the Canadian water wheel generator industry has taken place and there was very little, if any-

## [Interprétation]

nos ennuis est due au dumping, et quelle autre part est due au fait que nous ne sommes pas aussi efficaces ou pas aussi fins que...

Une des raisons pourquoi nous n'avons pas répondu plus directement à M. Lambert, c'est que sa question est bien difficile. Nous n'avons pas nous-mêmes toutes les réponses, mais je pense que nous pouvons faire des commentaires. Monsieur Cheesman, voulez-vous répondre?

**M. Cheesman:** Monsieur le président, c'est un sujet bien difficile. M. Gillespie, je pense, a posé des questions, à ce sujet, il y a quelque temps. Est-ce que les produits offerts et qui éventuellement seront mis sur le marché canadien, sont identiques aux produits vendus dans leur pays d'origine, et ainsi nos enquêteurs et ceux du gouvernement sont-ils capables de comparer exactement les transactions? La réponse est non. Surtout pour les appareils électriques lourds. On les fait sur mesure, sur commande. On compare des produits très semblables et les différences de caractéristiques techniques sont bien plus petites que la différence de prix.

Quand on voit des prix, de quarante huit pour cent du prix du produit le plus semblable dans le pays d'origine, on s'aperçoit qu'il n'est pas question de différences techniques ou de conformité aux spécifications. L'autre argument à cet égard, et qui ne ressort pas du tableau que nous a présenté M. McArthur, c'est que le fournisseur déclare le prix d'exportation comme la juste valeur du marché. L'officier des douanes découvre que la loi est respectée, puisqu'il s'agit de la juste valeur du marché. C'est donc à nous de découvrir les faits et c'est difficile. De plus, aux termes de la législation actuelle, qui, nous l'espérons, sera beaucoup plus large, on ne peut rien faire avant que les biens n'entrent au pays. Dans le cas d'articles comme un générateur de moulin à eau, vous pouvez avoir une différence de vingt à trente six mois entre la commande et la livraison de l'équipement dans le pays. Un tort considérable a été causé à l'industrie canadienne des générateurs de moulins à eau, et il y a très peu qu'on pouvait faire suivant la législation actuelle parce que le produit ne sera pas livré avant au moins un an.

En 1967, les fournisseurs étrangers ont fourni 65.7 p. 100 soit deux tiers des générateurs de moulins à eau au marché canadien, soit une valeur de onze millions et demi. En 1964, c'était 18 p. 100, et en 1959, 26 p. 100. Les projets comme la Manicouagan, les chutes Churchill, Peace River ou Nelson River commandent de grandes quantités d'équipement tous les trois ou quatre ans. C'est un phéno-



[Text]

thing, that could have been done under present legislation because delivery of those water-wheel generators will not take place until more than a year from now.

In 1967 the orders placed by Canadian customers for water-wheel generators were some \$11.5 million of which 65.7 per cent, two-thirds, were placed with offshore suppliers. There were three previous years in which high percentages went to offshore suppliers, in 1964, 18 per cent; in 1959, 26 per cent. As you will appreciate from what is well known about projects such as Manicouagan, Churchill Falls, Peace River and Nelson River, this is a highly cyclic business, large orders come up for bidding by the industry once every three of four years. A manufacturer gets his share of that or he is out for quite a long time to come.

In the case of my company we were very much out in the last round when 66 per cent of the orders went to offshore suppliers. In fact that put us well below an economically viable unit in the water wheel generator business in Canada, and we had to face up to what we would do with that operation. We have closed it down. Some 275 people, many of them long service employees because we have been making this product in Canada for over 50 years, were affected. We have, of course, done everything we can to relocate them but no matter how you cut it 275 people in our company are without work as a result of that.

I wish I could give a direct answer. I wish I knew the direct answer to Mr. Lambert's question, of how much of the injury we have suffered is because of dump. However, as I say I must reciprocate Mr. Hind's statement that there has been good communication between the industry and the Department. It is not for lack of detective work on our part; it is for lack of success in detective work that we have not proven this. As Mr. Johnston said earlier we are starting to find things. We have in our hands as an industry association documentation concerning the practices in the United Kingdom. It may take us longer and it may be more difficult to establish similar evidence vis-a-vis Japan.

**Mr. Lambert:** Mr. Chairman, I asked this question because we have dumping legislation on the books; we are bringing in new legislation, and I want to see whether the old legislation was defective and whether this new legislation will improve the position. We are concerned with dumping legislation and not the question of the level of a customs tariff, or of the level of research, or the efficiency of the Canadian industry. I asked, how much of this, shall we say, drop or inroad in the

[Interpretation]

mène cyclique. Les industries, les fabricants doivent obtenir leur part de commandes, autrement, leur production s'en ressent longtemps. C'est le cas de ma compagnie qui a vu 66 p. 100 des commandes passer à l'étranger, la plaçant dans une position absolument non viable. Nous avons dû fermer nos portes. Deux cent soixante quinze personnes, souvent des employés qui avaient des années de service, parce que nous fonctionnions au Canada depuis plus de cinquante ans. Nous avons été durement affectés. Nous avons fait évidemment tout ce que nous avons pu pour replacer ces employés mis à pied. Malgré tout, quand vous avez deux cent soixante-quinze personnes sans travail dans votre compagnie, c'est sérieux.

J'aimerais bien connaître, la réponse à la question de M. Lambert. Quel part de préjudice vient du dumping. Je dois rendre la pareille à M. Hind: il y a eu de bonnes communications entre l'industrie et le ministère.

Ce n'est pas à cause d'un manque de recherche de notre part, mais d'un manque de succès. Comme l'a dit M. Johnston, nous commençons à découvrir des choses. Nous avons en main, comme association industrielle, de la documentation concernant les pratiques au Royaume Uni. Ça peut être plus long et plus difficile d'établir un dossier semblable concernant le Japon.

**M. Lambert:** Nous avons une loi antidumping, nous présentons un nouveau projet de loi, et je voudrais bien savoir si l'ancienne mesure législative était inefficace, et si la nouvelle va l'améliorer. Ce qui nous intéresse, c'est la mesure sur le dumping, non pas la question du niveau du tarif douanier ou le niveau de recherche ou l'efficacité de l'industrie canadienne.

Si le dumping nuit à l'industrie canadienne, c'est qu'il y a une faille dans la loi et que

**[Texte]**

Canadian market may be the result of dumping because if it is an open sore, an open wound, then we have to do something about it. If the inroads have not been the result of dumping then none of this legislation will be of any help.

**Mr. Rapsey:** I have some general comments. The new legislation in some ways should be a help. We believe that everything will depend on how vigorously it is administered. That is the reason we said something of that in our presentation. We do have, of course, injury as a new requirement of proof and this is a great big question mark which we really do not know the answer to yet, and no one does. We have spent some time on that today because we felt it was most important.

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Returning to this chart of typical examples, there is an illustration of why it is rather difficult to conceive of dumping which is not, in considerable measure, injurious. There are two cases, one at \$85 and one at \$65, depending on the degree of cutting or the degree of overhead absorption that the exporter was asking for in his quoted price. Obviously it is rather hard to conceive of a product that you could cut from \$100 down to \$65, take the order and still make any money. In fact, it is rather difficult for me to conceive of anything that you could cut down from \$100 to \$85 and still make money at the present margins.

It is the case though where imports are occurring at these even slightly reduced figures that they do have a depressing effect on the Canadian market which inevitably means that the profitability and ability to provide employment is somewhat reduced by the depression of the price level.

**The Chairman:** Mr. Saltzman. Are you finished Mr. Rapsey?

**Mr. Rapsey:** I was going to make one more comment. The ability to compete will, of course, vary from section to section of the industry. We have been spending a good deal of time on heavy equipment today. The industries that are directly involved, have done enough analysis to know that on a basis of straight cost competition—cost in the usual sense—that Canada could consider itself quite competitive. There are other industries where we might have more trouble if the difference is not dumping but simply low labour costs.

It is most difficult to give an over-all broad answer, but there are quite a few sections of the industry where we believe we have information that we are competitive on a straight basis of productivity and efficiency.

**[Interprétation]**

nous devons y remédier. Mais si le préjudice n'est pas causé par le dumping, cette mesure législative nouvelle ne servira à rien.

**M. Rapsey:** La nouvelle mesure législative devrait être utile. Tout dépendra de la vigueur avec laquelle on l'administrera. Nous en avons parlé dans notre exposé. Évidemment, les préjudices, il faut les prouver, c'est une nouvelle exigence. Mais il y a un point d'interrogation auquel personne ne connaît la réponse. Nous avons passé un certain temps là-dessus aujourd'hui parce que nous trouvions que c'était extrêmement important.

Pour revenir à ce tableau d'exemple typique, nous en avons un autre qui nous montre pourquoi il est difficile de concevoir un dumping qui ne soit pas nocif dans une bonne part. Ici vous avez deux cas, 85 p. 100 et 65 p. 100, suivant les degrés de recoupage ou d'absorption d'*overhead* demandés par l'exportateur dans son prix fixé.

Évidemment, c'est assez difficile de concevoir un produit que l'on puisse réduire de 100 à 65, prendre la commande et faire encore un profit. Je trouve assez difficile de concevoir que l'on puisse faire certaines déductions de 100 à 85, avec un profit, à l'heure actuelle.

Les importations ont quand même, avec ces prix légèrement réduits, un effet de dépression sur le marché canadien, ce qui inévitablement, veut dire que la rentabilité et la capacité de fournir un emploi se trouvent quelque peu réduites par la dépression des niveaux des prix.

**Le président:** Monsieur Saltzman? Avez-vous fini, monsieur Rapsey?

**M. Rapsey:** Je voulais dire une autre chose. La possibilité de soutenir la concurrence va évidemment varier, d'un secteur à l'autre de l'industrie. Nous avons passé beaucoup de temps aujourd'hui à traiter de la question de l'équipement lourd. Les industries directement intéressées ont fait beaucoup d'analyses sur la concurrence des coûts directs, coûts dans le sens usuel, où le Canada pourrait se considérer comme assez concurrentiel. Il y a d'autres industries où on peut avoir plus de difficultés si la différence n'est pas simplement le dumping, avec des coûts de main-d'œuvre plus faibles, d'autres secteurs de l'industrie.

C'est difficile de donner une réponse générale, mais il y a des articles de la loi où nous



[Text]

**Mr. Saltsman:** Mr. Chairman, the subject has stretched a little to encompass other things besides the anti-dumping provisions we were discussing. While we have these gentlemen here I would like to ask them a number of questions about the competitiveness of their industry. A number of studies have been made on electrical industry, and a number of statements by electrical industry indicating that there has been, or they have, excessive duplication of product lines, and that there is a need to rationalize segments of this particular industry. Also, if we suffer from anything in this country, we may be suffering from excess competition. The result is that many of our manufacturers are in a position where they cannot compete because they do not get the range of production or the length of production that is necessary to take advantage of modern technology.

There was an item in the *Globe and Mail* on September 12, 1967, in which representatives of your industry made a submission. It is a report of a submission made to the Economic Council of Canada, where you requested changes to the Combines Investigation Act in order to permit the rationalization of your industry, in order to permit people within your industry to become more effective in terms of bidding and penetration of foreign markets. Under the present provisions of the Combines Investigation Act, you are permitted to combine for export purposes, but you will be prosecuted if you do it in the domestic market. The comment has been made that it is impossible to do it one way without doing it the other way.

• 1725

We realize that the industry has serious problems. I think, perhaps, the example Mr. Cheesman was giving may have applied to an industry in my riding that had to be phased out, which is regrettable and it caused great distress. I am very much concerned about the future of the electrical industry in Canada. It seems to me, and I would invite your comments gentlemen, that unless we take additional steps to rationalize and to encourage the rationalization of Canadian industry, that free trade, rather than doing it for us, may very well destroy the industry unless these concurrent steps are taken. I would invite your comments on that, if I may.

[Interpretation]

pensons avoir assez de renseignements, nous pensons que nous sommes concurrentiels, sur une base stricte de productivité et d'efficacité.

**M. Saltsman:** Monsieur le président, on a étendu un peu les cadres pour aborder d'autres sujets, en plus des mesures antidumping que nous discutons. Pendant que ces messieurs sont ici, j'aimerais leur poser des questions sur la position concurrentielle de leur industrie. Beaucoup d'enquêtes ont été faites sur l'industrie électrique, ainsi que beaucoup de déclarations de gens de l'industrie électrique, indiquant qu'il y a eu, ou qu'il y a, un recoupement excessif de certaines lignes de produits, qu'il faudrait faire une certaine épuration d'un secteur de cette industrie en particulier, et si nous souffrons de quoi que ce soit dans ce pays, peut-être que nous souffrons de trop de concurrence. Ce qui amène comme résultat que bien des fabricants canadiens ne peuvent pas soutenir la concurrence parce qu'ils n'ont pas la gamme de production, la durée de production qui est nécessaire pour profiter de la technologie moderne.

Maintenant, il y a un article dans le *Globe and Mail* du 12 septembre 1967, dans lequel des représentants de votre industrie font une soumission. C'est un rapport d'une déposition faite au Conseil économique du Canada. Dans ce rapport, vous demandez des changements dans la Loi d'enquêtes sur les coalitions, afin de permettre aux gens de votre industrie d'être plus efficaces lorsqu'ils font des offres et veulent avoir accès aux marchés étrangers.

D'après la loi actuelle d'enquêtes sur les coalitions, vous pouvez vous coaliser pour des fins d'exportation, mais l'on poursuivra si vous le faites sur le marché domestique. Et les commentaires faits là-dessus sont qu'il est impossible de le faire dans un sens sans le faire dans l'autre sens.

Nous nous rendons compte que l'industrie éprouve des problèmes sérieux. Dans ma propre circonscription, je pense que le principe de M. Cheesman s'appliquerait à une industrie qui a fini par être obligée de fermer ses portes et de déphaser ses opérations, ce qui est regrettable et a été assez pénible.

Je suis très inquiet de l'avenir de l'industrie électrique au Canada. Il me semble, et je vais vous demander de faire des commentaires là-dessus, messieurs, il me semble, dis-je, qu'à moins de prendre des mesures supplémentaires pour rationaliser l'industrie canadienne, ou pour l'y encourager, que le commerce libre, au lieu de le faire pour nous, peut très bien détruire l'industrie, à moins que ces mesures soient prises. Je vous invite à faire des commentaires là-dessus, si vous me le permettez.



[Texte]

**Mr. Cheesman:** Mr. Chairman, I agree with Mr. Saltsman's observation that there is over-capacity in the Canadian electrical manufacturing industry. There is also a problem in this country, more than other countries, of too wide a variety of products being manufactured in our factories.

It is interesting and, I hope, useful to observe that that part of our industry which has suffered the greatest damage due to off-shore competition, is that part of the industry in which, in fact, those of us who are in it—the large heavy apparatus—are not very many. The unit costs are much less sensitive to volume than they are in highly repetitive products such as the previously discussed small transistor radio. As I think has been referred to, our studies of comparative real costs of our Canadian production of power transformers, for example, are that we are fully competitive.

So rationalization has to be approached and considered by thinking about specific product lines. It may be there would be something we possibly could do in the light of a change in the Combines laws of this country. Certainly, I think, the submission you referred to from a year and a half ago was made with that in mind.

However, under the present situation, of course, we cannot even get together for meaningful discussion of the potential on this. We can only make individual conjecture on it. I think there is some rationalization taking place. I referred previously to water-wheel generators, a year ago there were three manufacturers in Canada, and today there are two. Presumably this is an improvement in that direction.

**Mr. Saltsman:** It is a hard way to rationalize though.

**Mr. Cheesman:** That is right. It is a question of definition of rationalization. If the fact that Canadian Westinghouse has ceased to manufacture water-wheel generators means that in turn someone else should hand over to us their share of the market of product X, certainly in my present situation you can appreciate I would look favourably on that. Whether that is realistic in a free enterprise system is another question.

I am saying too much and not answering your question, because I honestly...

**Mr. Saltsman:** I realize the delicate position of a conversation...

[Interprétation]

**M. Cheesman:** Monsieur le président, je suis plutôt d'accord avec les observations de M. Saltsman, qui dit qu'il y a une surcapacité de l'industrie électrique de fabrication canadienne. Il y a certains problèmes que nous avons plus ici que dans d'autres pays, une trop grande variété de produits qui sont fabriqués dans nos usines.

C'est intéressant, et peut-être utile, d'observer que cette partie de notre industrie qui a souffert des plus grands torts, à cause de la concurrence étrangère, est cette partie de l'industrie où, en fait, ceux d'entre nous qui y sont, celle de l'équipement lourd, ne sont pas très nombreux. Le coût par unité est beaucoup moins affecté par le volume que dans les produits que l'on fabrique en série, comme, par exemple, les petits radios à transistors. Je pense qu'on a déjà parlé de notre étude de coûts comparés de la production canadienne de transformateurs de pouvoir, par exemple, où nous sommes entièrement concurrentiels dans ce cas-ci.

Il faut donc considérer la rationalisation, il faut y penser. Mais je pense à des séries de produits particuliers et il se peut qu'il y ait quelque chose que nous pourrions faire peut-être, pour changer la loi sur les coalitions de ce pays. Mais sans aucun doute la proposition dont vous avez parlé, qui a été avancée il y a environ un an et demi, l'avait été dans cette intention. Mais évidemment, dans le moment, nous ne pouvons même pas nous réunir pour discuter sérieusement des possibilités.

Donc, tout ce que nous pouvons faire, ce sont des hypothèses personnelles. Je pense qu'il y a une certaine rationalisation qui se fait. J'ai mentionné l'an dernier qu'il y avait trois fabricants de générateurs à roue hydraulique au Canada, il n'y en a plus que deux. Je présume que c'est une amélioration dans ce sens.

**M. Saltsman:** C'est tout de même une façon ardue de rationaliser.

**M. Cheesman:** C'est vrai. C'est une question de définition de la rationalisation. Si cela veut dire que *Canadian Westinghouse* cesse de fabriquer des générateurs à roue hydraulique, qu'en retour, quelqu'un d'autre veuille nous transmettre leur part du marché du produit «X», vous comprendrez que, dans l'état actuel des choses, je serais plutôt favorable. Que ce soit réaliste dans ce système d'entreprises libres, c'est une autre question. Mais, je parle trop, je ne réponds pas à votre question, je pense.

**M. Saltsman:** Je me rends compte de la tournure délicate d'une conversation...

[Text]

**Mr. Cheesman:** Excuse me, sir. I am not trying to be evasive because of any concern about delicate positions specifically which, perhaps, I do not appreciate, but rather the question of just how is this going to be brought about? Are we going, in fact, to have someone saying, "This company will manufacture all power circuit breakers for Canadian utilities; this company will manufacture all the power transformers for Canadian utilities"? Amongst other things we have to consider our customers in this regard. We have seen no sound indications that they are particularly keen to go along with this. So there is a great deal of study and a great deal of convincing of people that would have to be done in order to achieve this kind of rationalization. It would require a major departure from what we loosely call the free enterprise system. I am not passing judgment on that, at the moment. Maybe this is what we are being driven to by the course of events.

• 1730

**Mr. Saltsman:** Mr. Chairman, further to my question to Mr. Cheesman, I might point out that I am not suggesting a major departure from the free enterprise system because some of our major competitors are doing exactly what I suggested. There is a rationalization board in Sweden and instead of discouraging people from coming together they actually encourage the manufacturers to work together. This was the pattern and I believe in all European countries the people were facing heavy competition from it. Therefore, what I am suggesting is perfectly within the framework of our traditional attitude and outlook on business. It is a way of, perhaps, even saving business from itself. The things they are not prepared to do individually or are able to do individually, in the national interest have to be discussed to see what can be done in this area. Obviously, the suggestions would have to come from the industry. The people in the industry would have the best knowledge of what the approaches should be, but I do think this is a serious problem. In closing I would like to put one question to you.

**The Chairman:** Just a second, Mr. Saltsman. I understand that Mr. Johnston would like to make a comment on your first question.

**Mr. Johnston:** There was one part of your question, Mr. Saltsman, that I would like to comment upon. You mentioned that free trade would probably drive us to some kind of rationalization.

[Interpretation]

**M. Cheesman:** Excusez-moi. Je n'essaie de contourner la question ou d'y échapper à cause de positions délicates que peut-être je ne comprends pas très bien, mais la question consiste à savoir comment on va pouvoir réaliser notre objectif. En fait, allons-nous demander à quelqu'un de dire: telle compagnie va fabriquer tous les interrupteurs de pouvoir pour les services d'utilité publique au Canada; cette compagnie va fabriquer tous les transformateurs de pouvoir pour les mêmes services? Entre autres choses, il faut tenir compte aussi de nos clients, à cet égard, et rien ne laisse croire qu'ils tiennent particulièrement à l'accepter. Donc, il y a beaucoup d'étude et beaucoup de travail de persuasion à faire pour mener à bien ce genre de rationalisation. Cela exige que nous nous écartions de ce qu'on appelle le système d'entreprises libres. Et je ne rends pas un jugement à ce sujet, mais c'est probablement dans cette direction que nous devrons aller.

**M. Saltsman:** Je ne veux pas dire que nous devons abandonner le système de libre entreprise, car certains de nos principaux concurrents font exactement ce que j'ai décrit. Il y a une commission de rationalisation en Suède. Elle encourage plutôt les fabricants à travailler ensemble. Je pense que de la sorte ils font une forte concurrence à tous les pays d'Europe maintenant. Je pense que cela convient à notre tradition industrielle.

Mais ce que les industries ne peuvent faire individuellement, elles devront en discuter ensemble, dans l'intérêt national, parce qu'elles sont les mieux placées pour savoir ce qu'il y a à faire. Avant de terminer, j'aimerais vous poser une question.

**Le président:** Un instant, s'il vous plaît, monsieur Saltsman; je pense que M. Johnston voudrait ajouter quelque chose.

**M. Johnston:** Vous avez dit, au sujet de l'entreprise libre, qu'elle conduira probablement à la rationalisation sous une certaine forme.



*[Texte]*

**Mr. Saltzman:** No, I did not say that. I said it might destroy you before it drove you to rationalization.

**Mr. Johnston:** It might destroy us?

**Mr. Saltzman:** Yes.

**Mr. Johnston:** If we refer to the present situation as being free trade, that is the reduction of tariffs and the introduction of the Kennedy Round package, it is our view that this is not free trade. You can take all your tariffs off and have zero tariffs, but as long as we face the rough and tumble situation that exists in international trade today with these non-tariff barriers which are both subtle and not so subtle, then we do not have free trade, even if we take off all the tariffs. So, it is not quite a situation of free trade destroying us, real free trade might be the answer to our survival.

**Mr. Saltzman:** You are taking the position of Gunnar Myrdal who pointed out that the tariffs are becoming insignificant in the trade pattern of the world today and I think there is a lot of truth to what you say.

**Mr. Johnston:** Yes, that is right.

**Mr. Saltzman:** I simply agree with you. This, however, does not diminish the point I am trying to make that there is a need for something to be done. It is not only in your industry, I think many other industries in Canada are in the same position.

**The Chairman:** Mr. Saltzman, I am sorry I understand that Mr. Rapsey would like to add something to what has already been said by Mr. Johnston and Mr. Cheesman.

**Mr. Saltzman:** It is getting more and more difficult to make a speech, Mr. Chairman, in this Committee. I will defer to Mr. Rapsey.

**Mr. Rapsey:** I am sorry, I did not intend to interrupt, but I was going to say that one of the reasons we hesitate as an industry to go full tilt down this road is that you thereupon are going in the direction of what we see in the U.K. or in Sweden for that matter. These are matters of allocation, collusion and all those nasty words and we are not too sure that that is what we as an industry would want. Actually, we have been talking about inability to get into the U.K. in this utility type of market. We as an industry would prefer to have access there rather than come to Ottawa and say keep those other fellows out. We would rather be able to get in and have world-wide competition on an equal

*[Interprétation]*

**M. Saltzman:** Non, j'ai dit qu'elle périrait avant de vous conduire à une rationalisation de vos méthodes.

**M. Johnston:** Vraiment?

**M. Saltzman:** Oui.

**M. Johnston:** Si la situation actuelle, c'est l'entreprise libre, c'est-à-dire la réduction des tarifs et l'ensemble des négociations du Kennedy Round, nous croyons que non, et même si vous éliminez tous les tarifs. Si nous considérons la situation qui existe sur la scène internationale, même les régions qui n'ont plus de tarifs, il n'y a pas d'entreprise libre, même en éliminant les barrières tarifaires.

Ce n'est pas exactement une situation d'entreprise libre qui nous détruira, mais c'est peut-être cela qui nous permettra de survivre.

**M. Saltzman:** Vous dites, comme GUNNAR MURDO que les tarifs n'ont plus d'importance dans notre univers aujourd'hui.

**M. Johnston:** Je crois qu'il y a du vrai là-dedans.

**M. Saltzman:** Toutefois, cela n'enlève pas l'importance des faits que j'avais mentionnés. Il importe que quelque chose se fasse, non seulement dans votre industrie, mais aussi dans les autres.

**Le président:** Monsieur Saltzman, je m'excuse, mais je pense que M. Rapsey voulait ajouter quelque chose.

**M. Saltzman:** Il est de plus en plus difficile de faire des discours ici.

**M. Rapsey:** Je m'excuse, je ne voulais pas vous interrompre, monsieur. Mais nous hésitons à suivre la même orientation que le Royaume Uni ou la Suède. Il y a des questions de distribution, de collusion et je ne sais pas si c'est ce que notre industrie veut. Nous avons dit qu'il était difficile de pénétrer au Royaume Uni dans ce genre de marché. Nous préférierions toutefois y avoir accès, plutôt que de venir dire à Ottawa de les empêcher de venir ici. Nous voulons une concurrence juste. Je pense que notre mémoire est claire, nous ne demandons pas votre protection, nous voulons tout simplement notre juste part. Mais en prenant des décisions sur la rationalisation, il faut savoir quel prix on doit payer



[Text]

basis. I think our submission makes it rather clear that we are not pleading for protection from the other fellow. We would just like a fair share of it, but in deciding on rationalization there are these questions to determine: what do you pay for the rationalization and what do you achieve? It is a big question.

• 1735

**Mr. Saltsman:** I am throwing this out, however, as something that, I think, Canadian industry has to consider. Mr. Cheesman made the reference that certain industries are getting fewer and fewer people in them, but while this is going on in Canada at a certain pace it is going on at a more rapid pace in Europe where the industries in some cases are already bigger than our own and consolidations are taking place between the giants in Europe. It means that we are going to be facing international giants with perhaps Canadian pygmies and this is a very serious problem for the future development of this country. This is why I took advantage of you gentlemen being before this Committee to put this question to you in the hope that you will give it some consideration and assist those of us in Parliament who are grappling with the problem.

**Mr. Cheesman:** Mr. Chairman, there is just one point I would like to make which I think is relevant to what Mr. Saltsman said, an observation that, of course, we have other forces at work in this country which seem to me to be doing everything they can to increase the problem. Again, it is part of our general approach to things, but we are offering a great deal of incentive and encouragement to companies that would come into Canada and open up new manufacturing operations, such as area incentives, and these are adding to the already observed problems.

Again, I can obviously be accused of being selfish. We are here; we have been here for 65 years and we could say; "keep the other people out". We do not say that, but this would, in fact, be the effect of rationalization, would it not?

**Mr. Saltsman:** If I may be specific, I think, one of the cases you referred to was the situation in Owen Sound where a plant was opened up under area incentives—this is one of the ones of which I have knowledge—that is capable of producing enough television tubes to keep up with twice the population we have now. This is when we already have others in the field and they obviously cannot get the entire market to themselves. So, without talking about specific things though, Mr.

[Interpretation]

pour la rationalisation et quel but cela permet-il d'atteindre.

**M. Saltsman:** Je pense que l'industrie canadienne doit songer à ceci: Certaines industries fléchissent de plus en plus au Canada; mais le phénomène est plus rapide en Europe. Certaines industries sont déjà plus grandes que les nôtres, et s'unissent de plus en plus. Et face à ces géants internationaux, nous aurons l'air de pygmées. C'est un problème grave pour l'avenir et le développement de notre pays. C'est pourquoi je profite de l'occasion pour vous poser cette question, en espérant que vous pourrez aider ceux qui doivent faire face à ces problèmes tous les jours.

**M. Cheesman:** Monsieur le président, à la suite de ce que M. Saltsman a dit, il y a d'autres éléments influents au Canada. Il semble que certains veulent aggraver ce problème. On offre beaucoup de stimulant aux industries qui veulent venir s'installer au pays; aux nouvelles industries, et cela ajoute au problème qui existe déjà.

Encore une fois, on m'accusera peut-être d'être égoïste, mais nous sommes installés ici depuis longtemps, et nous sommes portés à dire: «Que les autres restent chez eux.» Ce n'est pas ce que nous disons, mais cela sera l'effet de la rationalisation.

**M. Saltsman:** Pour être précis, parlons de l'usine d'Owen Sound, ouverte en vertu du programme de développement régional, et qui produit suffisamment de lampes de télévision pour approvisionner un marché deux fois grand comme celui du Canada. Et il y a encore d'autres producteurs.

Sans nécessairement traiter de ce problème précis, monsieur le président, je voulais que nous étudions ce problème dans l'intérêt de l'industrie et de la nation. A moins que vous

## [Texte]

Chairman, my remarks were merely to point out the need of looking at this particular problem in the interests of the industry and in the interests of the nation.

I would like to move on, if I may, unless you gentlemen wish to respond to my comment, to another question directed to Mr. Rapsey.

**The Chairman:** Mr. Saltzman, may I add to Mr. Cheesman's remarks that the area development subsidies are not only offered to foreign companies, they are offered to Canadian companies as well.

**Mr. Saltzman:** They are offered to everyone.

**Mr. Saltzman:** In a newspaper report which appeared in the *Globe and Mail* of October 1, 1968, Mr. Rapsey was quoted as follows:

Proving injury to a Canadian manufacturer, as will be required by an anti-dumping code to be introduced in Parliament later this year, becomes almost impossible.

"Because of direct contracts between the producer and the buyer, we would not have the slightest way of knowing about many cases of dumping."

However, there is a method of locating these if the Department of National Revenue co-operated. "They are the only ones who would be aware of dumping. They could check on this through their customs invoices, and I am hopeful that this will take place."

I would like to ask Mr. Rapsey if he is optimistic that the Department is prepared to do this?

**Mr. Rapsey:** Mr. Saltzman, I was speaking with that reporter for about an hour and a half and it is not too surprising that he did not quite get the full story.

**Mr. Saltzman:** I thought that was the politician's field of being misquoted!

**Mr. Rapsey:** I was pointing out to him that there is a certain class of goods entering Canada which do not become visible and the injured party, if there is an injury, is not even aware of it. You have, of course, retail products, the clothing industry is a prime example, which become very visible in the ordinary course of retail business after they reach Canada. If there is dumping going on, the chances are that injured Canadian producers will become aware of this.

## [Interprétation]

vouliez répondre à ces commentaires, messieurs, je voudrais passer à un autre sujet.

**Le président:** Monsieur Saltzman, je voudrais ajouter que le programme de développement régional est aussi offert aux compagnies canadiennes.

**M. Saltzman:** Dans un article de journal, paru le 1<sup>er</sup> octobre 1968 dans le *Globe and Mail*, on a cité M. Rapsey comme suit:

Je cite l'article du journal:

Il sera désormais presque impossible pour un manufacturier canadien, victime de procédure de dumping, de prouver qu'il a bien subi un préjudice aux termes de la nouvelle loi qui sera déposée dans le courant de l'année parlementaire.

En raison des contrats directs entre le producteur et l'acheteur, rien ne nous permet de déceler les nombreux cas de dumping.

Il y a toutefois une méthode de dépister ces manœuvres si le ministère du Revenu national voulait bien coopérer. Il n'y a que ce ministère qui serait au courant, en cas de dumping. Ce ministère serait à même d'effectuer des contrôles grâce aux factures de douanes qu'il détient et j'espère bien qu'il en sera ainsi. Je suis plutôt optimiste à cet égard.

Je voudrais poser une question à M. Rapsey: Est-ce que, selon lui le ministère est prêt à le faire.

**M. Rapsey:** Monsieur Saltzman, j'ai discuté avec ce même journaliste, et il n'est pas étonnant qu'il n'ait pas tous les faits.

**M. Saltzman:** Je croyais que seuls les politiciens étaient mal renseignés.

**M. Rapsey:** Je lui disais que certaines catégories de produits qui entrent au Canada ne sont pas visibles, et que l'industrie qui en souffre ne s'en aperçoit pas toujours.

Il y a, par exemple la vente au détail dans l'industrie du vêtement, c'est facilement visible, si une telle importation se produit.

S'il y a du dumping, les producteurs canadiens le sauront. Aujourd'hui, on parle de gros appareils et le prix du contrat devient propriété publique, c'est donc porté à la con-



[Text]

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[Interpretation]

We have been talking today of large apparatus which is purchased on tender and, of course, the bid price—the contract price—becomes public property so this is a matter of public knowledge.

There is another class of goods and my particular company happens to be involved in this class of thing where they are not sold at retail; they are not, as a rule, purchased on tender; they are very often bought as part of machinery and the machinery is a direct negotiation between the user and the supplier. It does not appear on the market place and if we are injured by a dumped import of this kind, we have no way of knowing that it was bought, in the first place or that it came to Canada and was put in someone's factory. So there is a class of product which does not become visible and the only people in Canada who would know there is any dumping going on would be the Department of National Revenue, Customs and Excise Division. I am quite satisfied that the Department of National Revenue is doing and will continue to do everything they can to make sure that such dumping, if it is injurious, will be detected.

**Mr. Saltzman:** Thank you.

**Mr. Gillespie:** I would like to follow up on this point for a moment—the area of components. When you were referring, Mr. Rapsey, to a part coming in, were you talking about a part that would be used in a piece of equipment in a factory or one that would be installed as a component in something which is resold?

**Mr. Rapsey:** Actually, we are in a rather special position in this sort of thing. We make electrical motor controls as do several in Canada and these are not usually imported directly, as such, into Canada, and there are a lot of them coming into Canada. They come in mounted on or purchased with some machinery which is invariably an electrically-operated machine and the motors, the controls and so forth come in with or on that machine so that they do not become visible as an electrical importation nor do they go through any usual channels of wholesale and retail trade. They come into Canada as very invisible items, indeed, and we would have no method of knowing whether we were, in fact, being injured by any such importation.

**Mr. Gillespie:** This is sold directly to the end user?

**Mr. Rapsey:** That is right.

naissance du public. Il y a une autre catégorie de produits, et il se trouve que ma compagnie en fabrique qui ne sont pas vendus au détail, et règle générale, ils ne sont pas achetés au moyen d'appels d'offres; ils sont souvent achetés comme une partie de l'équipement et celui-ci fait partie d'une négociation directe entre l'utilisateur et le fournisseur.

Cela n'apparaît pas sur le marché.

Et si nous sommes affectés par une importation de ce genre il n'y a pas moyen de savoir que cela a été acheté, tout d'abord que cela est entré au Canada et placé dans une usine quelconque.

Il y a donc une catégorie de produits pour lesquelles cela n'est pas visible, et les seules personnes au Canada qui savent qu'il se fait du dumping dans cette catégorie de produits, sont le ministère du Revenu national, la division des Douanes et Accises.

Je suis convaincu que le ministère du Revenu national fait un excellent travail qu'il continuera à faire, et si le dumping est nuisible, eh bien, on le saura.

**M. Saltzman:** Merci.

**M. Gillespie:** Je voudrais revenir sur ce point, monsieur Rapsey. On parle de pièces utilisées dans des pièces d'équipement ou encore une composante pour quelque chose qui est revendue.

**M. Rapsey:** C'est une position assez spéciale. Nous fabriquons des appareils de contrôle pour moteurs électriques, comme font plusieurs au Canada. D'habitude, ce n'est pas importé directement comme tel, quand nous en recevons, et il en vient beaucoup au Canada. Cela arrive monté ou acheté avec une machine qui, invariablement, est électrique, et les moteurs et contrôles viennent avec ou sur cette machine, de sorte que cela n'est pas visible comme une importation d'appareils électriques, et ne passe pas par les chemins usuels du commerce en gros ou au détail.

Alors, le tout vient au Canada comme un article invisible et nous n'avons aucun moyen de savoir si, en fait, nous sommes affectés par une telle importation.

**M. Gillespie:** C'est vendu directement à l'utilisateur.

**M. Rapsey:** Oui.



[Texte]

**Mr. Gillespie:** That clarifies my question. The question I wanted to ask earlier, Mr. Chairman, was the one that was referred to by Mr. Cheesman, the question of the transistor that is manufactured in Hong Kong or Japan and imported as a branded item by Canadian manufacturers and distributors. Under the existing law, as I understand it, if this item came in at a price below the fair market value this would be dumping and duties could be assessed against it. Under the proposed Bill, the item could come in and it would require injury to be shown before there would be any duty. As there are no Canadian manufacturers of this particular item and as the Canadian manufacturers themselves are importing it, we see an interesting juxtaposition or potential conflict in this regard. It is very much in their interests now, perhaps, to encourage the very types of policies that we have been talking about—costing policies, direct costing—with transistor radios so that they can offer the item at a lower price and expand their market thereby. I would like Mr. Cheesman to comment on this interesting and potential conflict of principle.

**Mr. Cheesman:** Mr. Chairman, I think Mr. Gillespie has a point that the majority of us are distributors as well as manufacturers. I cannot speak for the industry although maybe Mr. Samis has these statistics. In fact, Canadian Westinghouse Company, Limited, acts as a distributor in some 2 per cent of its total sales. In other words, we are a manufacturer of 98 per cent and a distributor, in effect, of 2 per cent of our total sales.

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Returning to the transistor radio, you are quite right and there is, so far as I am aware, no remaining residual Canadian industry in Canada. It could only be under the proposed legislation if someone were proposing to establish such production again that we might be able to protect such industry. What you are saying is that perhaps some of us would find ourselves in a schizophrenic position if that were proposed.

**Mr. Gillespie:** That is right. Your interests are to beat the supplier down now because you have the argument that it does not matter because there is no injury, so you can cost this on the set of direct costing principles. They are acceptable. You are not going to complain about injury as an industry because you are importing.

**Mr. Cheesman:** Mr. Chairman, may I speak further? Let us face it then; as individuals

[Interprétation]

**M. Gillespie:** La question que je voulais poser, monsieur le président, est la question des transistors, à laquelle M. Cheesman a fait allusion des transistors fabriqués à Hong-Kong au Japon, ceux qui sont importés par les fabricants canadiens avec leur marque de commerce.

Selon les lois actuelles, si le prix est plus bas que la juste valeur du marché, il s'agit peut-être de dumping. Dans la loi proposée, cela nuirait probablement avant qu'on ait à payer les droits de douanes. Comme aucun fabricant canadien ne fabrique cet article particulier et comme les fabricants canadiens eux-mêmes l'importent, nous avons là une juxtaposition intéressante ou un conflit éventuel. C'est maintenant dans leur intérêt d'encourager ces genres de politiques dont nous avons parlé, politiques coûteuses dans le secteur des radios-transistors, afin qu'ils puissent offrir cet article à un prix plus bas et, par le fait même agrandir leur commerce. Je voudrais bien avoir vos commentaires à ce sujet.

**M. Cheesman:** Monsieur le président, je pense que M. Gillespie soulève un point important. La plupart d'entre nous sont distributeurs aussi bien que fabricants. Je ne peux parler de toute l'industrie, bien que M. Davies ait ces statistiques. En fait, la Canadian Westinghouse agit comme distributeur de 2 p. 100 de ses ventes totales, c'est-à-dire on fabrique 98 p. 100.

Maintenant, pour revenir aux transistors, vous avez bien raison, en autant que je sache, il n'y a pas d'industrie canadienne résiduaire au Canada. Ce ne serait qu'en vertu de ce projet de loi, si quelqu'un proposait d'établir une telle production, que nous pourrions protéger cette industrie et ce que vous dites, c'est que peut-être quelques-uns d'entre nous se retrouveraient dans un état schizophrénique si c'était proposé.

**M. Gillespie:** C'est vrai. Votre intérêt, c'est de battre le fournisseur, car vous avez un argument qu'il n'y a pas de dommages. Cela peut être basé sur des prix directs. Nous ne nous plaindrons pas de cela.

**M. Cheesman:** Monsieur le président, puis-je continuer? Nous aimons tous acheter des

[Text]

we are all faced with this. We all like to buy our own requirements at the lowest possible price. As manufacturers we like to sell as much as we can from our factories. What we, as an Association would do in the face of this is, of course, a hypothetical question and I do not think we, for one, would oppose this. Quite frankly, we are not, in our segment of the industry, going to be worried about the injury we would suffer if someone were to establish transistor radio manufacture in Canada. Again, I speak for only one corner of the industry. Maybe some people representing—

**Mr. Gillespie:** You would not be concerned about anything?

**Mr. Cheesman:** We would not be concerned about that.

**The Chairman:** Would this not injure their business?

**Mr. Cheesman:** As a Canadian I would say it would be a good idea because it would be a step towards establishing fully competitive trade policies and practices in this country.

**Mr. Gillespie:** I am not sure I understand you. Are you saying that you would encourage the idea of dumped—

**Mr. Cheesman:** No, I would encourage the idea of protecting someone who wanted to establish a Canadian manufacture of such products, let us face it.

**Mr. Gillespie:** Until such time came along we are forced to encourage the foreign supplier to offer his merchandise to you and for the Canadian market at the lowest possible prices?

**Mr. Cheesman:** Mr. Chairman, that is correct. As I said, we are treading on the ground that, I believe, is going to be covered before your Committee next Tuesday by the Electronic Industry Association of Canada with which we are closely allied, of course, but I think the facts of life in connection with transistor radios, which are your specific example, are that they have to be treated about the same way as bananas in Canada now. There is no indigenous industry and there are no any practical prospects of there being one, so that we buy our bananas as cheaply as we can—and I think it is in our national interest to do so—from those people with whom we are trading in other commodities such as wheat.

**Mr. Gillespie:** Thank you, Mr. Chairman.

**The Chairman:** Are there any more questions?

[Interpretation]

choses le meilleur marché possible comme personne, et alors comme fabricant nous aimons vendre autant que possible. C'est une question hypothétique, bien sûr, et nous, nous nous y opposerions, nous ne sommes pas pour le faire. Dans notre secteur de l'industrie, même si l'on s'inquiète du tort que cela peut nous causer, si quelqu'un avait des entreprises de transistors au Canada. Je parle d'un aspect seulement.

**M. Gillespie:** Vous ne seriez pas inquieté par cela?

**M. Cheesman:** Cela ne nous inquiéterait pas.

**Le président:** Dommages à leur industrie.

**M. Cheesman:** Comme Canadien, je pense que c'est une bonne idée. Cela nous permettra d'avoir de bonnes politiques commerciales au pays.

**M. Gillespie:** Je ne suis pas certain de bien vous comprendre. Dites-vous que vous encouragerez le dumping?

**M. Cheesman:** Non. Je voudrais encourager quelqu'un qui voudrait protéger un Canadien qui fabriquerait ces produits.

**M. Gillespie:** D'ici là, nous sommes obligés d'encourager les fournisseurs étrangers au prix le plus bas possible.

**M. Cheesman:** Monsieur le président, c'est juste. Je pense que l'industrie de l'électronique en parlera la semaine prochaine. Au sujet des transistors, c'est un exemple précis, il faut les traiter comme les bananes ici. Il n'y a plus d'industrie indigène ou nationale et il ne semble pas qu'il y en aura non plus. On achète les bananes le meilleur marché possible, il en va de notre intérêt d'en acheter des pays, par exemple, qui achètent notre blé.

**M. Gillespie:** Merci, monsieur le président.

**Le président:** Avez-vous d'autres questions, messieurs?



[Texte]

**Mr. Hales:** I wonder, due to the fact that Mr. Hind and Mr. Arthur are here if some of the witnesses might have some questions with respect to their part of this and if so, we should give them an opportunity to ask them.

**The Chairman:** I know that Mr. Arthur, at the beginning of our session, wanted to comment on the Canadian Manufacturers' Association brief, but I stopped him. I think he has had a very good afternoon. Are you rested? Maybe he cannot.

**Mr. Arthur:** Mr. Chairman, I am not sure just what the point was we were discussing at that time, but I would like to comment on two points that have been made.

One was this matter that was raised on the two-price system. I think the Association is fully aware that the proposed draft Bill provides that the normal value, however it may be calculated, is based on domestic market sales in the country of export so that while there may well be a two-pricing system, under normal determinations it should be based on the experience in the exporting countries in their domestic sales.

I have one other point that I would really like to make. Under clause 3 of the proposed draft Bill it says that dumping duty will be collected after the Tribunal has made an order of finding if dumping has caused, is causing or is likely to cause injury. I believe, although rather than go through it, Mr. Chairman, I would like to ask the Association if they understand that in this case the liability for dumping can be made at the time of a contract as opposed to under the present law where the liability for dumping and the collection of dumping does not occur until importation.

• 1750

**The Chairman:** Mr. Houser, I understand would like to comment on your report.

**Mr. J. H. Houser (General Manager, Purchases and Traffic, Canadian Westinghouse Co. Ltd.):** I welcome the opportunity to react to this because—and if I might just elaborate a little—it is something that I would have liked to have referred to in answer to Mr. Lambert's first question of the afternoon when he inquired whether this 35 per cent of the market which disappeared last year in heavy apparatus was or was not being dumped.

We have tried to answer this in various ways because obviously the answer is, we do not really know. But I would venture to say first of all that none of these products—or

[Interprétation]

**M. Hales:** Je me demandais, vu que M. Hind et M. Arthur sont ici, peut-être que les témoins auraient des questions à poser. Peut-être qu'on devrait leur permettre de poser des questions.

**Le président:** Je sais que M. Arthur voulait faire des commentaires, relativement au mémoire de l'Association des manufacturiers canadiens mais je l'avais interrompu. Je pense qu'il a eu un bon après-midi, qu'il est bien reposé, qu'il pourrait poser des questions maintenant.

**M. Arthur:** Je ne me souviens plus exactement de ce que je voulais dire, ce qu'on discutait à ce moment-là, mais je pense, je voudrais commenter deux points. Primo, la question du système des prix parallèles. Je crois que l'Association sait très bien que dans le projet de loi, on calcule la valeur normale en se fondant sur les ventes du pays d'origine au marché d'exportation; même s'il y a un double système de prix, on devrait se fonder sur l'expérience des pays exportateurs.

Un autre point que je voudrais faire. Conformément à l'article 3 du projet, on dit que les droits de dumping seront recueillis lorsque les tribunaux en sont venus à une conclusion ou encore si le dumping cause cela. Je voudrais demander aux membres de l'Association s'ils comprennent que, dans ce cas, la responsabilité peut être faite au moment où le contrat est signé. Par opposition à la loi actuelle, la responsabilité du dumping et la perception du dumping ne se produisent pas avant l'importation.

**Le président:** M. Houser aimerait commenter votre mémoire.

**M. J. H. Houser (gérant général, achats et commerce, Canadian Westinghouse Co. Ltd.):** Monsieur le président, je suis très heureux de pouvoir répondre à cela. Si vous me permettez de donner quelques détails, j'aurais voulu en parler pour répondre à la première question de M. Lambert, au début de l'après-midi lorsqu'il a demandé si nous étions au courant que ces 35 p. 100 de notre marché disparus l'an dernier, pour l'industrie lourde, n'étaient pas dus au dumping. On peut répondre de diverses façons, car nous ne savons pas la réponse exactement.

Cependant, je puis dire d'abord que ces produits ne sont pas encore arrivés au pays



## [Text]

very few of them—have entered the country as yet, and therefore, under the existing laws the Customs and Excise Division have no way to deal with them until January 1. Of course, we do understand that there is provision in the proposed Bill for action to be taken from the point of tender acceptance in any of these large apparatus orders. This, we think, is one of the major improvements in this new anti-dumping legislation.

In our brief we made the point that we would like to see action vigorously pursued in the Department of National Revenue. We are thinking, primarily, of quick action on these outstanding orders which have yet to reach the country.

The onus to determine whether or not dumping actually exists, rests of course, with the Department rather than with the industry and we have to look to them for that evidence to come. In that respect I took some comfort from what Mr. Hind said this morning when he indicated that he had already issued to the various ports across the country, instructions to advise Ottawa in respect of importations of sensitive products—the ones that have already been associated with dumping. I think this is a good first move.

However, as an association, we urge that the type of product that we are dealing with here, particularly the heavy apparatus—the long term delivery items—be dealt with very quickly, as soon as the authority by law is given to the Department. Thank you, Mr. Chairman.

**Mr. Lambert (Edmonton West):** I have a supplementary to that, though. How is the Department going to act? Take, for example, an electricity authority that calls for tenders. It receives these submissions which at the moment are not subject to any review. None of these will be reviewed by the Department of National Revenue nor will they be subject to review on their own by the Anti-dumping Tribunal. The dump that will hurt or the action that will hurt the Canadian industry is if some offshore supplier is deemed to be the lowest bidder and is to get the contract. Then, what happens? Does a copy of the specifications under the successful tender have to be submitted to the Department of National Revenue for examination?

**Mr. Houser:** The industry has certainly an onus here to provide the Department with whatever evidence we can, and one of the first things would, of course, be the tender information on the price levels. Of course, we have a responsibility, too, to be reasonably sure in our own minds that there is a reasonable possibility of a dumping situation being existent and, at the same time under the

## [Interpretation]

et, conformément aux lois actuelles, la Division des douanes n'a aucun recours avant le 1<sup>er</sup> janvier prochain. Nous comprenons toutefois qu'il y a des dispositions dans la nouvelle loi, pour qu'on accepte des appels d'offres pour toutes les commandes d'appareils lourds. C'est, à mon avis, une grande amélioration apportée par cette nouvelle loi sur l'antidumping.

Dans notre mémoire, nous disons qu'on aimerait qu'on prenne des mesures vigoureuses au ministère du Revenu national. Nous pensons principalement à des mesures sur les commandes qui n'ont pas encore été livrées au pays. Quant à savoir si le dumping existe vraiment, cela concerne le ministère plutôt que l'industrie. Nous devons donc nous tourner au ministère, pour qu'il nous donne des preuves.

M. Hind a indiqué, ce matin, qu'il avait déjà donné des instructions, dans divers ports du pays, pour qu'on renseigne Ottawa sur l'importation de produits qui représentent des points de litige. C'est déjà un bon début. Mais notre association précise que, pour ce genre de produits, notamment les appareils lourds, il faut agir rapidement, dès que l'autorité sera donnée au ministère. (Texte: voir p. 5a)

**M. Lambert (Edmonton-Ouest):** Question supplémentaire. Comment le ministère agira-t-il? Nous avons une autorité pour l'électricité. On fait des appels d'offres. Il n'y a aucune révision faite par le ministère du Revenu national, à l'heure actuelle, et le tribunal de l'antidumping ne fait rien non plus. Cela nuira à l'industrie canadienne, si certains fournisseurs étrangers sont ceux qui présentent les offres les plus basses et qui obtiennent le contrat. Qu'arrive-t-il? Est-ce qu'on tient compte des spécifications? Est-ce que les spécifications devront être fournies au ministère du Revenu national pour examen?

**M. Houser:** L'industrie doit avertir le ministère et doit donner toutes les preuves nécessaires, entre autres les renseignements sur les niveaux des prix. Nous avons aussi des responsabilités. Il faut être raisonnablement sûr qu'il y a des possibilités de dumping. E même temps, conformément aux nouveaux règlements et aux nouvelles lois, nous devons voir aux pertes.

[Texte]

proposed Bill we will have to speak to the injury that the loss of the order will cause.

• 1755

**Mr. Lambert (Edmonton West):** May I ask another question? How do you get hold of that information? I know of some business concerns in this country—one of them a major Crown corporation—that will give out no information on other bids—no information. They will not even give the names of the other bidders and there is no public opening of tenders. This is where I am concerned about the mechanics of this.

**Mr. Houser:** Mr. Chairman, this is quite true and I have to agree that it represents an extension of the problem that we are discussing.

I think the industry would probably have to look at the source. We would have to be aware, first of all, of injury and I think we would have to turn in most cases to the authorities in the Department of National Revenue who are the only people who do have access to much of the information that you suggested is not available to us.

**Mr. Arthur:** Mr. Chairman, to go back to this matter of publication that, I think, we discussed in this Committee earlier, as I understand it in a number of provinces if the hydro authority puts a public tender out, it is also obliged to publish the acceptance—not all of them do this, but some of them do—so the low tender bid in some instances would be public knowledge.

**Mr. Lambert (Edmonton West):** Yes, but I am concerned that we are going to place an onus on the Department of National Revenue and on this Tribunal, but they will be denied any way of acting because they will not be able to get the information and I doubt if they would have the authority to demand, within a reasonable time, copies of these specifications and the prices of the successful tender.

**The Chairman:** During the time Mr Arthur is looking for the information—

**Mr. Arthur:** Mr. Chairman, the only response I can make is that normally if a foreign bid had been accepted and it became known to any of the Canadian industries that that foreign bid had been accepted and the price were known, it seems to me that it would be open at that point of time for the industry to make this evidence available to the Department of National Revenue and if information were provided on the domestic price of such goods then this is a matter that then could be

[Interprétation]

**M. Lambert (Edmonton-Ouest):** Comment obtenez-vous ces renseignements? Je connais certaines entreprises, entre autres une grande société de la Couronne, qui ne donnent pas de renseignements sur les offres qui sont faites. On ne donne même pas les noms des autres. Les offres ne sont pas rendues publiques. C'est pourquoi, je m'interroge sur les méthodes à suivre.

**M. Houser:** Monsieur le président, c'est bien vrai, et je dois avouer que cela donne encore plus d'importance au problème que nous discutons.

L'industrie devra étudier les sources. Il faut savoir si cela est nuisible et dans la plupart des cas, nous devons nous tourner vers les autorités du Revenu national, car il n'y a que le ministère qui a accès à ces informations.

**M. Arthur:** Monsieur le président, je veux revenir à la question des audiences publiques. Si je comprends bien, dans un certain nombre de provinces, si les autorités de l'hydro font des appels d'offres publics, ils doivent publier les résultats. Alors, l'offre la plus basse, dans certains cas, est connue.

**M. Lambert (Edmonton-Ouest):** Le ministère du Revenu national et le tribunal devront s'en occuper et ils n'auront aucun moyen d'agir, parce qu'ils ne pourront pas avoir les renseignements. Je doute qu'ils aient l'autorité de demander, dans un temps raisonnable, des copies de ces spécifications et les prix de l'offre acceptée.

**Le président:** M. Arthur, cherchez-vous ce renseignement?

**M. Arthur:** Si une offre étrangère a été acceptée, si certaines industries canadiennes le savent et si les prix sont connus, je pense que l'industrie pourrait alors communiquer les renseignements au ministère du Revenu national. Si des renseignements étaient donnés sur le prix national de ces produits, c'est une question qui pourrait être étudiée par le ministère et par le tribunal. Si cela atteint le tribunal, il aura sûrement les moyens d'obtenir les renseignements.



[Text]

processed both by that Department and on to the Tribunal. Of course, if it got to the point of the Tribunal, the Tribunal has means of obtaining information.

**The Chairman:** Mr. Rapsey, I understand...

**Mr. Lambert (Edmonton West):** Is there time enough, though, to help the Canadian industry that may be injured? After all, a tender has been awarded to an off-source supplier which includes an element of dumping. True enough, the electricity authority—the public utility authority—may be penalized if it is an f.o.b. off-shore, but in the interval the domestic manufacturer is standing around with an empty shop and unemployed men.

**Mr. Arthur:** Mr. Chairman, on that particular contract it would not have any effect. The assumption would be, though, if a hydro authority or some other authority were, in fact, exposed to the payment of dumping duty at the time they did import the goods, that when tendering for a similar product in the future, they would be mindful of their experience.

**Mr. Lambert (Edmonton West):** Yes, but how often do you get a Peace River Development? This is the point that concerns me. How are we going to give adequate protection to the Canadian industry after the event? There is no way of compensating the Canadian supplier. I am not blaming anybody, but I am facing up to what I think is a very essential problem. I would suggest also that in the utility field, few, if any, people do publish tender results. It may require some other sort of action in order to get this information. However, it is my information, definitely, that few, if any, utility authorities publish tender information.

• 1800

**Mr. Hales:** Would it be a fact that the tender price would be given, subject to dumping duties or some other provision?

**Mr. Rapsey:** Mr. Chairman, this is one of the things that has yet to be worked out. We do not know and I am sure the Department does not know the exact details. It is true that many utilities do not publish tender prices. I understand that is true here in Ontario.

The encouraging possibility, though, of this new procedure is that if the Department wishes to do so and is given access to the information, they will in future be permitted to make a determination one way or the other at an early stage—as soon as the contract is let.

[Interpretation]

**Le président:** M. Rapsey, je crois...

**M. Lambert (Edmonton-Ouest):** Aurons-nous le temps d'aider l'industrie canadienne qui peut être en danger? Car une offre a été accordée à un fournisseur étranger et elle était sujette au dumping. Je pense que l'autorité du service public pourrait être pénalisée, mais, entretemps, les fabricants nationaux ont les mains vides.

**M. Arthur:** Monsieur le président, pour ce contrat, cela n'aurait aucune influence, si l'autorité de l'hydro est exposée, au moment où les biens sont importés, à payer les droits de dumping. Lorsque, dans l'avenir, on fera une soumission pour un produit semblable, on se rappellera de cette expérience.

**M. Lambert (Edmonton-Ouest):** Avez-vous souvent des projets comme celui de la rivière de la Paix? Comment pourrions-nous donner la protection suffisante à l'industrie canadienne? Il n'y a pas moyen de donner de compensation aux fournisseurs canadiens. Je ne blâme personne, mais je pense que c'est un problème important. Dans le domaine des utilités publiques, il y en a très peu qui publie les résultats des appels d'offres.

**M. Hales:** Et les prix seront-ils donnés en tenant compte des trois antidumping?

**M. Rapsey:** Monsieur le président, il faudra encore étudier la question. Le ministère ne connaît pas les détails exacts. Il est vrai qu'un bon nombre de compagnies d'utilité publique ne publient pas les prix des appels d'offre et c'est vrai notamment en Ontario. Il y a des possibilités encourageantes toutefois pour cette nouvelle procédure. Si le ministère veut le faire et s'il a accès à ces renseignements, à l'avenir, il pourra tirer une conclusion dans un sens ou dans l'autre dès que le contrat sera accordé.



## [Texte]

I agree with you, sir, if the utility on the one hand and the offshore manufacturer on the other hand, tells the Department of National Revenue to go peddle their papers—they will not give them any information at that stage—I should think the Department would have difficulty. However, then the utility would be very well aware that the subject was not closed, but that a ruling was going to be made at the time of entry when the Department would be in a position to demand some of this information and if they did not get it, to go to the best information they could go to and make their determination. I would venture to predict that the utilities would be interested in having the ruling at an early date so that they would know whether they were going to be hit over the head at the actual time of entry which might be two years later. We do not know, but we share your concern.

**Mr. Lambert (Edmonton West):** What concerns me mostly, though, is that while we are all working this out or you are waiting for the working entry to be made, our Canadian industries will be standing around unemployed.

**The Chairman:** Mr. Lambert, possibly all the utility companies should follow the example of Quebec Hydro, that I think was cited here by one of the members. They buy, first, from their own province and from the rest of Canada, second. If they followed that procedure maybe they would have less trouble.

**Mr. Lambert (Edmonton West):** That, in essence, is the practice that is followed in Britain, is it not?

**The Chairman:** If the hydro authority in one province does it, I do not know why the others do not do the same.

**Mr. Cheesman:** Mr. Chairman, I would like to say a word with regard to Mr. Lambert's concern about how many of the electrical utilities publish their bid openings. I have not been able to add up in my mind how many, but the majority of them do. Unfortunately, the percentage of the market that is represented by the few who do not, is very considerable. Therefore, the problem that you refer to does exist, but not quite to the degree that I think you feared, albeit I appreciate your fear, of course.

**Mr. Lambert (Edmonton West):** From the information that has come to me, most rules of tender with regard to published utility tender calls have a requirement that the exporter or the successful tenderer will protect the

## [Interprétation]

Je reconnais toutefois, que ce sera très difficile si les compagnies d'utilité et les fabricants étrangers disent au ministère du Revenu national qu'ils ne leur donneront aucun renseignement. Les compagnies d'utilité publique sauront très bien que le dossier n'est pas fermé et qu'on s'en occupera au moment de l'entrée lorsqu'on pourra demander ces renseignements. Si on ne les obtient pas, le ministère pourra alors se baser sur les renseignements qu'il a en main et faire son évaluation. Alors, j'irais jusqu'à dire que les compagnies d'utilité publique aimeraient bien que cela soit décidé dès que possible pour qu'ils sachent s'ils seront ou non punis au moment de la livraison qui se fera peut-être deux ans plus tard. Cependant, nous ne le savons pas. Nous partageons toutefois vos inquiétudes.

**M. Lambert:** Ce qui m'inquiète le plus, c'est que, pendant que nous élaborons cette politique, l'industrie canadienne n'est pas protégée.

**Le président:** M. Lambert, peut-être que toutes les compagnies d'utilité publique devraient suivre l'exemple de l'Hydro-Québec. L'Hydro-Québec se tourne d'abord vers les fournisseurs du Québec ensuite les Canadiens, ensuite les étrangers. On devrait probablement suivre cet exemple, on aurait alors moins de difficulté.

**M. Lambert:** En fait, c'est ce qu'on fait en Grande-Bretagne, n'est-ce pas?

**Le président:** Si l'Hydro-Québec le fait, je ne vois pas pourquoi les autres ne le feraient pas.

**M. Cheesman:** Poul calmer les inquiétudes de M. Lambert, qui disait que les compagnies d'utilité publique ne publient pas les appels d'offre, je puis dire que la majorité le font. Malheureusement, les compagnies qui ne le font pas représente une portion considérable du marché. Et le problème dont vous parlez existe mais peut-être pas au point où vous semblez le croire. Cependant, je comprends que vous vous inquiétiez.

**M. Lambert:** D'après mes renseignements la plupart des règlements régissant les soumissions concernant les compagnies de service public précisent que l'exportateur ou le soumissionnaire heureux protégera

[Text]

authority against any subsequent changes in duty which, of course, is what we were talking about. This is a form of a rebate or compensatory agreement is it not?

**The Chairman:** Mr. Arthur, have you any other comments?

**Mr. Arthur:** Only to agree with Mr. Lambert. As we mentioned this morning, in our view anyway, such an arrangement would be covered by the proposed legislation and the importer would be liable regardless of what may be included in the contractual arrangement.

• 1805

**Mr. Lambert (Edmonton West):** All I can say, now, is that I think there is a very serious problem here. The industry, the Department and the administration are soon going to have to work out a successful way of getting at this along with, shall we say, the Canadian customers, otherwise we are not going to have the protection we think we have.

**The Chairman:** Gentlemen of the Committee, I am in your hands now.

We have dealt with the CEMA brief, but we also agreed to look over two other briefs or letters today. We have a letter from Canadian General Electric Company Limited, signed by the President, Mr. Smith, who I understand, is with us now. The other one is from Canadian Westinghouse Company Limited, signed by Mr. Cheesman, who has been with us most of the afternoon. Will we stop at six o'clock and come back at eight o'clock we try to go through and finish it before six o'clock? I do hope you will not misunderstand these remarks.

**Mr. Hales:** Mr. Chairman, possibly you could ask the two people whom you mentioned if they feel there is anything in their briefs that has not already been covered and, if so, we would happy to come back. However, it might be that we have covered all the points that they have in their briefs.

**The Chairman:** I will reply to your question first, then I will let Mr. Cheesman reply for himself. I understood from some of Mr. Saltsman's remarks that Mr. Smith could give us some additional information on the same subject. What are your wishes, Mr. Cheesman?

**Mr. Cheesman:** Mr. Chairman, I would certainly be very happy to go along with the suggestion. We submitted a brief letter to the

[Interpretation]

l'organisme contractant contre tous les changements dans les droits de douane. C'est de cela qu'on parlait, c'est un rabais en somme.

**Le président:** Monsieur Arthur, avez-vous des commentaires?

**M. Arthur:** Je reconnais comme Monsieur Lambert et comme vous l'avez dit ce matin, que cette disposition sera couverte dans le projet de loi; l'importateur serait responsable sans tenir compte de ce qui est contenu dans les contrats.

**M. Lambert:** Je pense que cela implique un problème grave. L'industrie, le ministère et le gouvernement devront trouver une façon de s'y attaquer ainsi que les clients canadiens. Sans cela nous n'aurons pas la protection que nous croyons avoir.

**Le président:** Messieurs, nous avons entendu le mémoire du CMA et aujourd'hui, nous avons accepté d'étudier deux autres mémoires; un du Canadian General Electric, une lettre envoyée par le président M. Smith qui est avec nous, je crois, et l'autre, envoyé par M. Cheesman de la Canadian Westinghouse Co. Ltd., qui a été avec nous presque tout l'après-midi. Nous devrions peut-être nous interrompre à six heures et revenir à huit heures ou est-ce que nous devrions essayer de finir maintenant?

**M. Hales:** Monsieur le président, peut-être qu'il faudrait demander à ces deux personnes s'il y a des questions contenues dans leur mémoire et qui n'ont pas été discutées cet après-midi. Dans ce cas, nous reviendrons avec plaisir mais peut-être que nous avons déjà tous ces points.

**Le président:** Je répondrai d'abord à votre question, ensuite je laisserai répondre M. Cheesman. Je pense que M. Saltsman a donné certains renseignements. M. Cheesman voudrait peut-être ajouter autre chose au sujet de la planification ou autres questions? Quant à vous, monsieur Cheesman, qu'avez-vous à dire?

**M. Cheesman:** Monsieur le président, je serais très heureux d'accepter la suggestion qui a été faite. Nous avons présenté un



[Texte]

Committee because of the major importance of this subject of anti-dumping and, as you are well aware, we have participated very actively with the Association in the scrutiny of the proposed anti-dumping legislation. Other than re-emphasizing the grave importance of this matter to us as a company as well as our industry, I have nothing to say other than that we are available to assist the Committee in any way we can, today or at any time, by answering questions that you might want to put to myself or to these people from the company with me. We would be willing to forego any appearance before the Committee, as a company.

**The Chairman:** Gentlemen, are you through with your line of questions to the CEMA group? If so, I thank them as a group on your behalf.

**Mr. Rapsey:** Mr. Chairman, on behalf of CEMA, I want to say a very heartfelt word of thanks to you for having us here today and for being very patient with us. It has been, for us, a very useful experience. Thank you, sir.

**Mr. J. H. Smith (President, Canadian General Electric Company Limited):** Mr. Chairman, our company has been represented, as you know, in the CEMA presentation and, in a sense, my appearance is redundant. However, I feel the work of this Committee is of such tremendous importance to the Canadian electrical industry that I wish to emphasize that importance by presenting a separate letter and accepting your gracious invitation to appear before you.

I believe all of the points I would care to make, have been made and I certainly support the answers to the questions. I have, however, prepared a brief statement of possibly four minutes in length and if I may have the privilege, sir, I would like to read it.

**The Chairman:** You have.

**Mr. Smith:** There are four major points we desire to make with the Committee and the public at this time. These are:

Canadian General Electric believes in the concept of expanding international trade, unfettered by hidden barriers against the movement of goods across frontiers or by unfair practices such as subsidies and tax remittances. Canadian General Electric fully supports the efforts of the Government of Canada in seeking to create this kind of a world trade environment.

[Interprétation]

mémoire, une lettre plutôt au comité, et à cause de l'importance de l'antidumping et comme vous le savez, nous avons participé très étroitement avec les industries du même genre pour l'étude de cette nouvelle loi. Nous insistons sur la grande importance de la question.

Pour notre compagnie ainsi que pour l'industrie en général, je n'ai rien d'autre à ajouter sauf de dire que je suis prêt à vous venir en aide et à répondre à vos questions. Mais nous n'avons rien d'autre à ajouter et en tant que société nous ne tenons pas à comparaître devant le Comité. Quant à vous M. Smith, qu'avez-vous à dire?

**Le président:** Messieurs, avez-vous d'autres questions à poser? Alors, très bien. Je remercie donc, en votre nom, nos témoins du groupe CEMA.

**M. Rapsey:** Monsieur le président, au nom de la CMA, je voudrais dire quelques mots. Je voudrais d'abord vous remercier de nous avoir invité à venir aujourd'hui et vous avez aussi été très patients.

Pour nous, c'est une expérience des plus utiles, merci.

**M. Smith (président du General Electric):** Monsieur le président, notre société est représentée, comme vous le savez, dans la présentation de la CMA. Et d'une certaine façon, je fais double emploi ici mais je pense que le travail du comité est d'une si grande importance pour l'industrie de l'électricité au Canada que je veux insister sur cette importance en présentant une autre lettre et en acceptant avec plaisir votre invitation à témoigner devant le comité. Je pense que tous les points dont je voudrais parler ont déjà été mentionnés et je fais miennes les réponses faites aux questions.

Toutefois, j'avais préparé une brève déclaration de quatre minutes et avec votre permission, monsieur le président, je la lirai.

**Le président:** Vous l'avez.

**M. Smith:** Il y a quatre points que nous voulons mentionner.

Premièrement, la Canadian General Electric croit à l'expansion du commerce international libre de toute entrave que constituent les restrictions déguisées du mouvement de marchandises à travers les frontières, ainsi que des conditions injustes comme les rabais de taxes etc. et les subventions. La Canadian General Electric appuie pleinement les efforts du gouvernement du Canada visant à créer une telle ambiance qui favorisera le com-



[Text]

[Interpretation]

• 1810

Canadian General Electric believes, however, that in legislating in this field we must be realistic in recognizing the facts of life that confront us in the world today with respect to international trade. There is no doubt that many hidden barriers to trade exist today in almost all countries of the world. We also know that certain governments are encouraging and financing practices which enable foreign competition to practice dumping into Canada. These are facts which we ignore at our peril as Canadians. Therefore, we must ensure that legislation to implement our GATT agreements with respect to anti-dumping properly provides for the appropriate degree of protection for our Canadian industrial workers against these kinds of unfair practices. It is the opinion of this company that the proposed bill provides for this kind of fair treatment; and we urge the Committee to support it and recommend its enactment to Parliament.

Canadian General Electric is also concerned about the administration of the legislation once it is enacted into law. It is our assumption that such important legislation, based as it is on four or five years of skilled and intensive negotiations by our representatives at Geneva, will be administered in the same competent and resolute manner as the negotiations were carried out. Failure to do so would undermine the intent and purpose of the GATT Agreements as related to providing expanding job opportunities for Canada's skilled craftsmen, industrial workers and professional employees. Therefore, the government must provide the necessary competence, in terms of skills and facilities, to effectively and aggressively enforce the proposed legislation.

Finally, there is no doubt that dumping, resulting from the unfair practices which presently exist in international trade, will result in serious and irrevocable employment losses in this country. Such unfair and predatory practices would deny Canadian industry the economic base from which it could develop opportunities for increasing its research and development expenditures and increasing its productivity, as has been so properly recommended by government leaders and the Economic Council of Canada. These needed things cannot be done if we ignore the realities of the workaday world in international trade and fail to both enact the proposed legislation and rigorously enforce it. Our concern is predicated on many years of involvement in international trade related to the world-wide growth of the business of our

merce international. (2) La General Electric croit qu'en légiférant dans ce domaine, il faut être réaliste et il faut reconnaître aussi les réalités de la vie moderne en ce qui concerne le commerce international. Sans aucun doute, plusieurs barrières anti-commerciales invisibles existent dans presque tous les pays du monde aujourd'hui. Nous savons que certains gouvernements encouragent et financent même des pratiques qui favorisent le dumping au Canada. Ce sont des faits que tous les Canadiens doivent connaître; par conséquent, si nous voulons appliquer les règlements du GATT contre l'antidumping, il faut protéger les travailleurs canadiens contre cette pratique injuste. Notre compagnie est d'avis que le projet de loi permettra d'avoir un traitement juste et nous demandons au comité de le reconnaître et nous espérons que le projet de loi sera adopté.

Canadian General Electric s'intéresse aussi à l'application de la loi. Nous pensons qu'une loi aussi importante fondée sur 4 ou 5 ans de travail, de négociations faites par nos représentants à Genève, sera appliquée de façon constante et ferme, dans le même esprit que les négociations. Si nous échouons, cela ira à l'encontre de l'esprit de GATT qui voulait donner plus de travail aux travailleurs de l'industrie, aux professionnels et aux techniciens du Canada. Par conséquent, le gouvernement doit donner plus de facilité aux Canadiens et doit aussi appliquer la Loi comme il se doit.

Sans doute, le dumping résultant de pratiques injustes qui existent dans le commerce international, sera une source de chômage au Canada. Des pratiques aussi injustes empêcheront l'industrie canadienne d'avoir l'assiette économique qui lui permettrait de créer des débouchés, de poursuivre ses recherches, d'augmenter sa productivité comme l'ont si bien recommandé le Conseil économique du Canada et nos chefs d'État. Cela ne peut se faire si nous ignorons les réalités d'aujourd'hui dans le commerce international, si la loi n'est pas acceptée, et si nous ne réussissons pas à l'appliquer de façon rigoureuse. Nous nous fondons sur plusieurs années d'expérience dans le commerce international, car, nous sommes dans ce domaine depuis longtemps.

[Texte]

Company in heavy machinery and consumer goods.

**The Chairman:** Thank you, Mr. Smith. Are there any questions, gentlemen?

**Mr. Lambert:** I have one, Mr. Chairman arising out of what Mr. Saltsman said in connection with the related subject of assisting Canadian manufacturers to more effectively compete in foreign markets. This would tend to require amendments to the Combines Investigation Act and perhaps the formation of, shall we say, not cartels but syndicates for the purpose of bidding on major jobs. Is this a practical proposition, Mr. Smith, in your opinion?

**Mr. Smith:** Unless one carefully studies a suggestion like that there is some danger in an offhand comment, sir. We have on an entrepreneurial basis developed such consortiums. For example, we have put together a consortium to put an extension on a paper mill in Pakistan; we put together a consortium to put in a hydraulic generating plant in Ceylon. I can think of several examples where we have done this thing on an entrepreneurial basis.

I think the opportunity exists, and I am not sure there is a need for government assistance other than the very effective assistance that industry is now being given through the activities of the Export Credits Insurance Corporation. We have built our own export business up to well over \$40 million a year from a very small amount in five or six years. I feel that probably the most significant single aid from the government has been from the work of the ECIC, and the very effective work of the Department of Trade and Commerce representatives around the world.

• 1815

**Mr. Lambert:** Thank you.

**Mr. Hales:** Do you feel that if the non-tariff barriers are looked after, and you are allowed to play in the same ball diamond with the same set of rules as people making the heavy industrial equipment, that we in Canada would have no trouble competing in world markets?

**Mr. Smith:** Sir, none whatever. I have absolute confidence predicated on our own experience in some areas of the world where there has been a free fight. I think on the basis of costs we were successful in supplying all the water-wheel generating equipment for the Volta River development in Ghana about two or three years ago. That was on World Bank financing and we think an open, com-

[Interprétation]

**Le président:** Merci, monsieur. Avez-vous des questions, messieurs?

**M. Lambert (Edmonton-Ouest):** Au sujet de la suggestion de M. Saltsman voulant que l'on assiste les fabricants canadiens pour qu'ils soient plus en mesure de concurrencer les autres pays. C'est un amendement porté à la loi sur les cartels, et possiblement la création peut-être pas de cartels, mais de consortiums pour répondre aux appels d'offre? Est-ce pratique, à votre avis, monsieur Smith?

**M. Smith:** Il faut étudier une suggestion de ce genre avec soin, car tout commentaire à pied levé peut être dangereux. Au niveau des entrepreneurs, il y a des consortiums. Par exemple, nous collaborons au consortium pour les moulins de pâte à papier au Pakistan et à celui pour les génératrices d'électricité au Ceylan.

Je peux songer à plusieurs exemples où il s'agissait de contrats d'entrepreneurs. Les débouchés existent, et je ne crois pas qu'il soit nécessaire que le gouvernement ne nous vienne en aide autrement que par le truchement de la «Export Credit Insurance Corporation».

Nous avons édifié notre propre commerce d'exportation. Cela représente 40 millions de dollars, maintenant depuis 5 ou 6 ans. Et, je pense que le gouvernement nous a accordé beaucoup d'aide par l'entremise de l'ECIC et par ses représentants à l'étranger.

**M. Lambert (Edmonton-Ouest):** Merci.

**M. Hales:** Pensez-vous que, si les barrières tarifaires tombent et si vous avez le droit d'appliquer les mêmes règlements que ceux qui sont dans l'industrie lourde, les Canadiens pourront concurrencer les étrangers sur les marchés internationaux?

**M. Smith:** J'ai confiance. J'ai entière confiance et notre expérience prouve dans certaines régions du monde où la lutte a été libre et sur la base des coûts, nous avons réussi à fournir, par exemple, toutes les génératrices nécessaires au harnachement de la Volta au Ghana il y a quelques années.

C'était une concurrence ouverte. Les industries canadiennes peuvent concurrencer tous



[Text]

petitive situation. This does not mean that Canadian industry can compete against the world on all products. In this particular one we have confidence in Canada because we have the great rivers and the relatively low heads. We have great confidence and we think we can stand against the world.

We have completed a study over the last two or three years of the costs through concentrated approach, determining, we think quite accurately, the cost of our major competitors from Italy up through to England. For example, the cost in the plant in your riding, sir, on power transformers is lower than the cost of any of the competitors in Europe.

To illustrate, and this relates specifically to the dumping problem, I will take two specific examples and this may relate to a question that you asked earlier about whether or not we are defeated by sharp pencils or our poor costing, or inefficiency.

**The Chairman:** That was Mr. Lambert's question.

**Mr. Smith:** Yes, Mr. Lambert. I will give you just two examples. In May a year ago, we quoted on a 220,000-volt transformer, and I have all the specifications here. The British landed price in Canada predicated on recent purchases in England, and the central authority, on a per KVA basis—which brings it to a meaningful figure—was \$4.32 per KVA. This was the price the British authority had purchased those transformers at the same specification, within a matter of months. Our price was \$3.06 per KVA against \$4.32. We lost the order to the English Electric Canada Company. We do not know, of course what their price was. We lost the order so it was to a lower price. Obviously our \$3.06 was a lower price than the price prevailing in England. A price on exactly the same rating in United States transactions by the purchasing authorities in the United States in the free marketplace was \$4.04. At that \$3.06 we were satisfied to take the order.

Two months later, similarly the British landed price in Canada for a 234,000-volt transformer, specific specification checked, was \$2.10 per KVA in the United Kingdom. We quoted 87 cents and the American price was \$1.06. We lost the order. We do not know what it was quoted at.

**Mr. Hales:** From what was said here earlier it would appear that the United Kingdom order would be assessed for dumping purposes at the time the contract was let.

[Interpretation]

les autres pays en tout, mais dans le domaine de l'électricité, par exemple, nous avons confiance car nous avons des ressources hydrauliques importantes et je pense que nous pouvons être fiers de notre position dans le monde. Depuis deux ou trois ans, nous avons fait des études de coût pour déterminer les prix demandés par nos concurrents, l'Italie et l'Angleterre, par exemple, et nos prix sont moins élevés que ceux de tous nos concurrents européens.

Pour revenir à la question du dumping, je citerai deux exemples précis, cela revient peut-être à une question posée plus tôt, au sujet de votre manque d'efficacité.

**Le président:** La question venait de M. Lambert.

**M. Smith:** En mai dernier, pour un transformateur de 220,000 volts, le prix des Britanniques, fondé sur des achats récents en Angleterre, \$4.32 par unité.

Notre prix: \$3.06, contre \$4.32. Nous avons perdu la commande; nous ne savons pas quel était leur prix, mais il était sûrement plus bas.

Notre prix de \$3.06 était évidemment plus bas que le prix courant en Angleterre. Le prix aux États-Unis sur le marché libre était de \$4.04 et nous étions satisfaits d'obtenir \$3.06. Deux mois plus tard, dans un cas semblable, le prix des britanniques au Canada pour 234,000 volts \$2.10 par unité. Au Royaume-Uni, nous avons demandé 0.87, les Américains \$1.06; nous avons perdu la commande. Nous ne savons pas quelle était l'offre.

**M. Hales:** D'après ce qu'on a dit plus tôt, il semble que les commandes électriques venant du Royaume-Uni devront être considérées comme contrevenant à la loi antidumping au moment où le contrat a été signé.



[Texte]

● 1820

**Mr. Arthur:** Mr. Chairman, you could establish after the contract was let a liability for dumping duty, if the product was imported under the conditions of the contract. You can establish under the proposed legislation a liability for dumping duty.

**Mr. Hales:** Well, then there is a chance that dumping duty can still be placed on these transformers coming into Canada.

**Mr. Arthur:** Oh, yes, at the time they are entered. Yes, sir.

**Mr. Hales:** But in the interval, as you were saying, there are a couple of hundred people out of work.

**Mr. Gillespie:** This surely is one of the biggest...

**The Chairman:** Mr. Gillespie?

**Mr. Gillespie:** I just made a comment.

**The Chairman:** When you said that in certain sectors Canadian industrialists and Canadian manufacturers can face the world, does that mean that our productivity is par or better than other countries in those sectors?

**Mr. Smith:** Yes, in power transformers, water-wheel generators of large ratings for large flow rivers and relatively low heads, the Canadian type river, and many types of power breakers.

This was an interesting point. We lost orders in September of this year for power circuit breakers, from France, Merlin-Gérin. We checked France and established the price at \$120,000 each for the recent purchase of the French power authority. They were quoted at \$35,000, and we lost the order.

We have done more work in the last two years in order to attempt to provide information to the Department which will be meaningful. The support we have had from the Department is absolutely outstanding. However, the legislation which prevented action on the part of the Department, until after the goods entered the commerce of Canada by delivery, placed the manufacturer of heavy equipment—where the deliveries are usually two years or so—in an impossible position. It was simply embarrassing your good customers. With this new legislation permitting action to be taken at the time of tendering, we have an opportunity to correct an injustice, if an injustice is, in fact, occurring.

[Interprétation]

**M. Arthur:** Monsieur le président, une fois le contrat signé, vous pouvez imposer les droits de dumping si le produit a été importé selon les termes du contrat. Le projet de loi prévoit la responsabilité pour les droits de dumping.

**M. Hales:** Les droits de dumping peuvent donc être imposés sur des transformateurs envoyés au Canada.

**M. Arthur:** Oh! oui, monsieur. Au moment où ils sont inscrits.

**M. Hales:** Mais, en attendant, il y a, comme vous disiez, plusieurs centaines de gens qui chôment.

**M. Gillespie:** C'est assurément l'un des plus grands...

**Le président:** Monsieur Gillespie.

**M. Gillespie:** Ce n'était qu'un commentaire.

**Le président:** Excusez. Je parlais pour l'opératrice des micros. Lorsque vous avez dit que dans certains secteurs, les industriels et fabricants canadiens peuvent faire concurrence au marché mondial, entendiez-vous par là que votre productivité est comparable ou même meilleure que celle d'autres pays dans les secteurs en question?

**M. Smith:** Oui, en matière de transformateurs électriques, de dynamos hydrauliques à rendement élevé dont l'usage convient aux rivières canadiennes, et certains genres de disjoncteurs. C'est là un point intéressant au fait. Nous avons perdu des commandes de disjoncteurs en septembre dernier. Nous avons pris des renseignements en France (Merlin-Gérin) selon lesquels le prix payé récemment par l'Office national d'énergie aurait été de \$120,000 pour chaque appareil. Le prix de soumission avait été de \$35,000 la pièce et nous avons perdu la commande.

Au cours des deux dernières années, nous nous sommes efforcés de fournir au ministère des renseignements plus significatifs, qui permettent de mieux formuler des décisions. Le ministère nous a secondés admirablement bien, la législation qui empêchait le ministère d'agir avant l'arrivée au marché canadien des marchandises en question, a placé le fabricant canadien d'équipement lourd dans une situation intenable, car le délai de livraison de ce genre de marchandise est de l'ordre de deux ans. C'était gênant pour les bons clients. Or, étant donné que la mesure à l'étude nous permet d'agir au moment de la soumission, nous serons à même de rectifier les injustices, s'il y en a.

[Text]

**The Chairman:** Are there any other questions, gentlemen?

My thanks to Mr. Smith and again my thanks to the representatives of the Canadian Electrical Manufacturers Association. Thank you very much members for your patience because I have had you work very early and late today. The meeting is adjourned until next Thursday.

[Interpretation]

**Le président:** Y a-t-il d'autres questions, messieurs?

Je remercie M. Smith et je réitère mes remerciements à l'Association canadienne des manufacturiers. Je remercie aussi les députés que j'ai fait beaucoup travailler aujourd'hui. On a commencé de bonne heure et on a fini très tard.

La séance est levée. Le Comité se réunira jeudi prochain, pardon, mardi prochain.

[Texte]

## APPENDIX T

November 8, 1968

Mr. Gaston Clermont, Chairman,  
and Members,  
Standing Committee on Finance, Trade  
and Economic Affairs,  
House of Commons,  
OTTAWA, Ontario.

Dear Mr. Clermont:

The Canadian Manufacturers' Association welcomes the opportunity of presenting its views to the Standing Committee on Finance, Trade and Economic Affairs on the Draft Canadian Anti-dumping Act.

In doing so we would like to point out that three-quarters of the Association's present membership of approximately 6,500 consists of companies which employ fewer than 100 persons. The problems and needs of small manufacturers are therefore uppermost in the counsels of the Association at all times. It is these same small manufacturers who are likely to suffer most from, or who will be specially vulnerable to, dumping from abroad.

Last January, the Association submitted a brief to a similar Standing Committee of the last Parliament pertaining to the resolutions covering proposed amendments to the Customs Tariff to implement Canada's commitments under the Kennedy Round agreement. In that brief, the Association stated that the reduction in levels of Canadian tariff had not disturbed manufacturers nearly as much as the proposed revision of our anti-dumping laws which we have always viewed as an effective and essential safeguard against the unfair competition of dumped surplus goods from abroad. We also stated at that time that the new Code transformed into Canadian legislation would likely mean more leniency in Canadian anti-dumping procedures than prevails at present.

In the discussions with the previous Standing Committee we requested that important legislation such as the Draft Canadian Anti-dumping Act, which will have a profound effect on the whole Canadian economy, should not be enacted into law until all interested segments of the Canadian public had had an opportunity to furnish their views regarding it to a Parliamentary Committee. We are pleased that this request has been acted upon.

[Interprétation]

## APPENDICE T

Le 8 novembre 1968

Monsieur Gaston Clermont, président  
Messieurs les membres  
Comité permanent sur les finances,  
le commerce et les questions économiques  
Chambre des Communes  
Ottawa, Ontario

Monsieur le président,

L'Association des manufacturiers canadiens est heureuse d'avoir l'occasion d'exposer ses vues au Comité permanent sur les finances, le commerce et les questions économiques.

Nous aimerions d'abord souligner que les trois quarts des quelque 6,500 membres de notre Association sont des sociétés dont l'effectif est inférieur à 100. Ce sont donc toujours les problèmes et les besoins des petits fabricants qui font le premier objet de nos délibérations. Ces petits industriels sont, plus que tous les autres, susceptibles d'être touchés par le dumping, leur position à cet égard étant particulièrement vulnérable.

En janvier dernier, l'AMC a soumis à un comité permanent du Parlement précédent, comité analogue au vôtre, un mémoire sur les résolutions applicables aux modifications devant être apportées au tarif douanier afin que prennent effet les engagements du Canada conformément à l'Accord du Kennedy Round. Dans ce document, l'Association a déclaré que la réduction des taux du tarif canadien était loin de préoccuper nos fabricants autant que le projet de révision de nos lois antidumping; en effet, nous avons toujours vu dans nos statuts existants une protection efficace et essentielle contre la concurrence déloyale que constitue la pénétration sur notre marché intérieur des surplus de la production étrangère écoulés à des prix si bas qu'ils portent préjudice à nos propres entreprises. Nous avons également déclaré, à l'époque, qu'une fois assimilé à la législation canadienne, le nouveau Code relatif à cette question donnerait probablement lieu à un accroissement de la tolérance que permettent actuellement les procédures canadiennes antidumping.

En janvier dernier, nous avons demandé au Comité permanent qu'un projet de législation aussi important que celui de la Loi canadienne antidumping, laquelle aura de sérieuse



## [Text]

Shortly after the signing in June, 1967 of the International Code on the application of anti-dumping duties ("Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade"), the Minister of Finance established a Special Committee on Anti-Dumping. The Association forwarded a comprehensive submission in November, 1967, to the Special Committee on Anti-Dumping, and this was followed up by a meeting with the Committee. We are pleased that all the special Canadian anti-dumping problems referred to in our submission to the Special Committee on Anti-Dumping have been taken into consideration in the Draft Canadian Anti-dumping Act. We commend this procedure which has made it possible to take into account the experience and constructive suggestions of industry in the drafting of legislation.

As may be inferred from the above, the Association finds the Draft Canadian Anti-dumping Act generally acceptable in that the necessary authority has been provided in the Act for the administration to take prompt and effective action when injury or a threat of injury has been caused to Canadian producers.

Our chief difficulty in determining the adequacy or otherwise of the Act is the absence of the regulations which are referred to frequently in the Act. We have not yet had sufficient time to study the draft regulations relating to Sections 9 and 10 of the Act recently tabled with your Committee and so are unable to comment thereon in this submission. We express the hope, however, that all of the regulations will be made public in draft form well in advance of January 1 next. This will enable the Association to make known its views to the Government on the draft regulations before they are promulgated by Order in Council.

The following comments are made on specific sections of the Draft Canadian Anti-dumping Act.

## Section 2—

The definitions set forth in this section appear to be adequate for the purpose of interpreting, administering and enforcing the Act. We are particularly pleased that no attempt has been made to define "injury" in the Act. We strongly recommend that "injury" be not defined in the regulations. We

## [Interpretation]

ses répercussions sur toute notre économie nationale, ne prenne pas force de loi avant que tous les segments de la population canadienne qu'il intéresse n'aient eu l'occasion d'exposer leur point de vue au Comité parlementaire compétent. Nous sommes donc heureux que cette requête ait été agréée.

Peu après la signature de juin 1967 du Code international sur l'application des droits antidumping (Accord sur la mise en vigueur de l'article VI du GATT), le ministre des Finances a institué un Comité spécial sur l'antidumping. En novembre 1967, l'AMC a adressé un mémoire détaillé à ce Comité spécial sur l'antidumping et notre délégation en a, par la suite, rencontré les membres. Nous nous réjouissons du fait que dans le projet de la Loi canadienne antidumping, on ait tenu compte de tous les problèmes propres au Canada sur lesquels notre mémoire avait attiré l'attention du Comité. La procédure grâce à laquelle, dans la préparation d'une législation, il est possible de tenir compte de l'expérience et des suggestions constructives des industriels s'est, à notre avis, avérée fort utile.

Comme le laissent entendre les observations qui précèdent, l'AMC trouve le projet de la Loi canadienne antidumping acceptable dans l'ensemble, ce projet de loi prévoyant les pouvoirs nécessaires pour que l'administration puisse promptement prendre des mesures efficaces lorsqu'un producteur canadien a subi un préjudice ou en est menacé.

Il nous est particulièrement difficile de savoir si, à d'autres égards, cette Loi est adéquate ou non, étant donné l'absence des règlements auxquels elle fait de nombreuses références. N'ayant pas eu suffisamment de temps pour analyser les projets de règlements qui ont été récemment présentés à votre Comité relativement aux articles 9 et 10 de la Loi, il nous est impossible de les commenter dans le présent mémoire. Nous exprimons cependant l'espoir que tous les règlements seront rendus publics sous forme de projets bien avant le 1<sup>er</sup> janvier prochain. Ainsi, l'Association pourrait faire connaître ses vues au gouvernement sur les règlements proposés avant leur promulgation par arrêté en conseil.

Nous commentons dans les paragraphes suivants certains articles spécifiques de la Loi canadienne antidumping.

## Article 2—

Les définitions que renferme cet article semblent adéquates aux fins d'interprétation, d'administration et d'application de la Loi. Nous nous réjouissons tout particulièrement du fait que l'on ait pas tenté de définir dans la Loi le terme «préjudice». A notre avis, le Tribunal institué en vertu de l'article 21 de-

*[Texte]*

believe that the Tribunal appointed under Section 21 should establish its own criteria for use in determining injury to Canadian producers as every case which comes before it should be judged on its merits.

*Section 3—*

We concur with this section which provides the necessary authority to levy duty on dumped goods imported after the Tribunal has determined injury. Our experience has been that when an importer realizes that he is going to be assessed dumping duty in addition to the regular duty payable on the imported goods, he discontinues purchasing any further goods from the same supplier at the dumped price. The dumping generally ceases at this stage. The effect of the application of dumping duty is, therefore, to restore the price of the imported goods to their normal level.

*Section 4—*

This section authorizes the levying of duty on dumped goods in cases where the Deputy Minister has already applied a provisional duty on the same goods and the Tribunal has determined that such dumped goods are causing or likely to cause injury. The Association believes that a duty of not less than the actual margin of dumping should be levied in all such cases. We therefore recommend deletion of the clause at the end of this section which reads: "but not exceeding the provisional duty, if any, payable in respect of the goods." As presently worded, this section places a special responsibility on the Deputy Minister to impose a provisional duty sufficiently high to protect the revenue and to prevent further dumping taking place pending completion of the Department's investigation.

*Section 5—*

This section outlines the circumstances under which the Tribunal may order that duty be paid retroactively on dumped goods. The authority is limited however to goods entered during a period of 90 days before the Deputy Minister applied a provisional duty to the same type of dumped goods. We note that under Section 53.56 of the United States Antidumping Regulations (Federal Register, Vol. 33, No. 107, Saturday, June 1, 1968) the Secretary of the Treasury may assess a special dumping duty on all dumped goods which were entered or withdrawn from warehouse for consumption not more than 120 days before the question of dumping was

*[Interprétation]*

vrait établir son propre critère pour ce qui est de déterminer le préjudice causé aux producteurs canadiens, chacune des causes dont il sera saisi devant être jugée selon son bien-fondé particulier.

*Article 3—*

Nous sommes d'accord avec cet article qui prévoit les pouvoirs nécessaires pour imposer des droits sur les marchandises une fois que le Tribunal aura déterminé qu'elles causent un préjudice aux producteurs canadiens. L'expérience nous a appris que lorsqu'un importateur se rend compte qu'il aura à payer des droits de dumping en plus des droits qu'il paie ordinairement sur les marchandises importées, il cesse d'acheter du même fournisseur, à des prix de dumping, toute autre marchandise. Le dumping s'arrête généralement à ce stade. L'application du droit de dumping a donc pour effet de replacer le prix des marchandises importées à son niveau normal.

*Article 4—*

Cet article autorise l'imposition de droits sur les marchandises sous-évaluées dans les cas où le Sous-ministre a déjà imposé un droit temporaire sur les mêmes marchandises et où le Tribunal a établi que ces marchandises sous-évaluées causent un préjudice aux producteurs canadiens ou menacent de le faire. L'Association croit qu'un droit correspondant au moins à la marge véritable de dumping devrait être imposé dans tous les cas du genre. Nous recommandons donc l'abrogation de la disposition rédigée comme suit à la fin de cet article: «mais n'excédant pas le droit temporaire, s'il en est, payable pour ces marchandises.» Dans sa rédaction actuelle, cet article impose au Sous-ministre la responsabilité spéciale d'ordonner un droit temporaire assez élevé pour protéger le revenu et empêcher qu'un autre dumping n'ait lieu en attendant que le Ministère ait terminé son enquête.

*Article 5—*

Cet article décrit dans quelles circonstances le Tribunal peut ordonner le paiement rétroactif de droits sur des marchandises sous-évaluées. Ce pouvoir est toutefois limité aux marchandises entrées au cours des 90 jours précédant l'imposition, par le Sous-ministre, d'un droit temporaire sur des marchandises sous-évaluées du même genre. Nous notons qu'en vertu de l'article 53.56 des règlements américains anti-dumping (Federal Register, Vol. 33 No. 107, du samedi 1<sup>er</sup> juin 1968) le Secrétaire du Trésor peut imposer un droit spécial de dumping sur toute marchandise sous-évaluée entrée dans un entrepôt ou qui en a été retirée pour consommation en



## [Text]

raised by or presented to the Secretary. We recommend that Section 5 be amended to provide a period of retroactivity not less than that contained in Section 53.56 of the United States regulations.

## Section 7—

While it is our understanding that the Governor in Council already has authority under the Financial Administration Act to exempt any goods or classes of goods from any Act of Parliament, we are uncertain under what circumstances the Governor in Council would exempt goods from the application of the Anti-dumping Act where there is clear evidence of injury having been caused to domestic producers.

It may be, however, that the government has in mind the present provisions of the Canada-Australia Trade Agreement and the Canada-New Zealand Trade Agreement. In these two trade agreements provision is made for the reciprocal exemption from dumping duty of goods shipped between these countries, subject, of course, to certain specified conditions involving appropriate discussions when dumping has taken place. Since both countries, Australia and New Zealand, are members of the General Agreement on Tariffs and Trade, we recommend that steps be taken at an early date to modify these two trade agreements by rescinding the provisions covering reciprocal exemption from dumping duty. We recommend that Section 7 be deleted.

## Section 8—

We are in agreement with the definitions of dumping and the margin of dumping contained in this section.

## Section 9—

This section defines how the normal value of imported goods is to be determined. While it is similar in many respects to the definition of fair market value as set forth in the Customs Act, there are a number of differences between the two terms as indicated in the proposed draft regulations. The fact that two values have now to be determined in the case of all goods suspected of being dumped places an additional heavy responsibility on the Customs Administration.

Subsection 3 provides that, where there is not a sufficient number of sales of like goods in the domestic market of the exporting country from which to determine the normal

## [Interpretation]

dejà de 120 jours avant que le Secrétaire ait soulevé la question du dumping ou avant qu'il en ait été saisi. Nous recommandons que l'article 5 soit modifié de façon à prévoir une période de rétroactivité au moins équivalente à celle que mentionne l'article 53.56 des règlements américains.

## Article 7—

Même si nous comprenons qu'en vertu de la Loi sur l'administration financière, le Gouverneur en conseil a déjà le pouvoir d'exempter toute marchandise ou catégorie de marchandises d'une loi quelconque du Parlement, nous ne connaissons pas précisément dans quelles circonstances le Gouverneur en conseil exempterait des marchandises de l'application de la Loi antidumping dans les cas où il est probant qu'un préjudice a été causé aux producteurs canadiens.

Il se peut, toutefois, que le gouvernement songe aux dispositions actuelles de l'Accord commercial canado-australien ainsi qu'à celles de l'Accord commercial canado-néo-zélandais. Ces deux Accords prévoient l'exemption réciproque des droits de dumping sur les marchandises expédiées entre ces pays, pourvu naturellement que certaines conditions spécifiques soient respectées, lesquelles comprennent les pourparlers appropriés au moment du dumping. Ces deux pays, l'Australie et la Nouvelle-Zélande, étant membres du GATT, nous recommandons que l'on prenne, le plus tôt possible, des mesures pour modifier ces deux Accords commerciaux en abrogeant les dispositions portant sur l'exemption réciproque du droit de dumping. Nous recommandons la suppression de l'article 7.

## Article 8—

Nous sommes d'accord avec les définitions du dumping et de la marge de dumping que renferme cet article.

## Article 9—

Cet article définit comment doit être déterminée la valeur normale des marchandises importées. Même si cette définition concorde, à maints égards, avec celle de la juste valeur marchande telle qu'exposée dans la Loi sur les douanes, il existe nombre de nuances entre les deux termes d'après la rédaction des projets de règlements. Le fait qu'il faille maintenant déterminer deux valeurs dans le cas de toutes les marchandises que l'on peut supposer être sous-évaluées ajoute une responsabilité nouvelle et fort lourde à l'administration douanière.

Le paragraphe 3 prévoit que lorsqu'il ne s'effectue pas sur le marché du pays exportateur un nombre suffisant de ventes de marchandises semblables pour permettre de



## [Texte]

value of goods shipped to Canada, such normal value shall be determined at the option of the Minister as either the price of like goods sold by the exporter to importers in countries other than Canada, or the aggregate of the cost of production of the goods plus a mark-up to cover administrative, selling and all other costs including profits.

Article VI of the GATT and Article 2(d) of the Code on the other hand provide two alternatives for determining normal value when there is no comparable domestic price in the country of export. These are either:

- (i) the highest comparable price for the like product for export to any third country in the ordinary course of trade, or
- (ii) the cost of production of the product in the country of origin plus a reasonable addition for selling cost and profit.

The Association does not believe that an export price constitutes an acceptable value for dumping duty purposes. With the increased emphasis being placed by all countries on expanding their export trade, the practice of offering goods for export at special dump prices can be expected to become more prevalent.

If, however, it is felt that Canada is committed under the Code to taking into consideration export prices for the purpose of determining the normal value of goods imported under these circumstances, then it is recommended that the words "whichever is higher" be added at the end of Subsection 3, and the words "at the option of the Minister" be deleted therefrom.

## Section 10—

One of the major criticisms of Canada's present anti-dumping legislation as set out in Section 6 of the Customs Tariff lies in the fact that there is no clear cut definition of what constitutes an "export price". The Association welcomes the addition of this new section to our anti-dumping legislation and will be studying carefully the regulations made thereunder.

## Section 11—

The Association appreciates that situations will arise where the Customs Administration is not able to determine either normal value or export price because of the failure of the exporter to co-operate and provide the necessary information. The final responsibility for

## [Interprétation]

déterminer la valeur normale des marchandises expédiées au Canada, c'est au gré du Ministre de déterminer cette valeur normale comme étant soit le prix de marchandises semblables vendues par l'exportateur à des importateurs dans tout pays autre que le Canada, soit le coût global de production des marchandises plus un montant pour les frais d'administration, les frais de vente, tous autres frais ainsi que les profits.

D'une part l'article VI du GATT et d'autre part l'article 2(d) du Code prévoient deux alternatives pour la détermination de la valeur normale en l'absence de prix comparable dans le pays exportateur.

Ces alternatives sont:

- (i) Le prix comparable le plus fort pour le même produit exporté à tout tiers pays dans le cours normal du commerce, ou
- (ii) Le coût de production du produit au pays d'origine plus un montant raisonnable pour les frais de vente et le profit.

L'Association ne croit pas qu'un prix à l'exportation constitue une valeur acceptable aux fins de droits de dumping. Maintenant que tous les pays attachent plus d'importance à l'expansion de leur commerce d'exportation, on peut s'attendre à une généralisation de la pratique qui consiste à vendre les marchandises exportées à des prix spéciaux de dumping.

Cependant, si l'on a l'impression qu'en vertu du Code, le Canada s'est engagé à tenir compte des prix à l'exportation aux fins de détermination de la valeur normale des marchandises importées dans les circonstances précitées, l'AMC recommande alors que les mots «le plus élevé des deux» soient ajoutés à la fin du paragraphe 3, et que les mots «au gré du Ministre» soient supprimés.

## Article 10—

L'une des principales critiques dont fait l'objet la législation canadienne antidumping actuelle exposée dans l'article 6 du Tarif des douanes porte sur le fait qu'il n'existe pas de définition bien précise de ce qui constitue un «prix à l'exportation». L'Association se réjouit de l'addition de ce nouvel article à notre législation antidumping et elle étudiera soigneusement les règlements qu'il permet de promulguer.

## Article 11—

L'Association comprend qu'il surviendra des cas où l'administration douanière ne pourra déterminer ni la valeur normale ni le prix à l'exportation parce que l'exportateur ne coopérera pas et ne fournira pas les renseignements nécessaires. Dans tous les cas de

## [Text]

taking action in all such cases should logically be centered in the Minister.

## Section 12—

This section closely parallels Section 41A of the Customs Act which deals with goods exported to Canada from a country other than the country of origin. We concur in the wording of this section.

## Section 13—

The Association fully supports the provision contained in this section which authorizes the Deputy Minister to commence an investigation into dumping on his own initiative. It is fundamental that this be done as many dumped imports into Canada may well escape detection by Canadian producers for several months after the goods have been imported.

In this connection we would like to suggest to the Deputy Minister that he instruct the Directors of the six Regional Customs offices to immediately bring to his attention all cases of suspected dumping. This procedure could easily be established since all Customs entries are examined at the Regional offices within a few days after entry.

Section 13 does not provide any time limit within which the Deputy Minister must either begin or complete an investigation after receipt of a written complaint of dumping. The Association recommends that the Act specify that an investigation must be instituted within 30 days and be completed, with decisions taken thereon, within 120 days from the date of receipt of a written complaint.

We realize that this time limit may cause some difficulty for the Customs Administration. However, as Canadian Customs investigators are already posted in the United States, Japan, Britain, and Europe, the only real problem which such a time limit would appear to create would be on imports from other countries where there is no Canadian Customs representative. Even in these cases it should be possible to obtain the information required by the Deputy Minister on which to determine normal value and export price through communication by air mail.

## Section 14—

This section authorizes the Deputy Minister to make a preliminary determination of

## [Interpretation]

ce genre, c'est au Ministre que devrait normalement revenir la responsabilité finale de prendre des mesures.

## Article 12—

Cet article se rapproche de très près de l'article 31A de la Loi sur les douanes, article qui a trait aux marchandises exportées au Canada par un pays autre que le pays d'origine. Nous sommes d'accord avec sa rédaction.

## Article 13—

L'Association souscrit sans réserve à la disposition de cet article qui autorise le Sous-ministre à instituer, de sa propre initiative, une enquête portant sur le dumping. C'est là une habilitation essentielle car il est fort possible que de nombreuses importations au Canada de marchandises sous-évaluées échappent, pendant plusieurs mois après leur importation, à la surveillance des producteurs canadiens.

A ce sujet, nous aimerions suggérer au Sous-ministre qu'il donne des instructions aux Directeurs des six bureaux régionaux de la douane afin que ces derniers lui soulignent tous les cas qui leur semblent suspects à l'égard du dumping. C'est là une procédure qui pourrait facilement être instituée, toutes les importations en douane étant examinées à ces bureaux régionaux quelques jours après leur entrée.

L'article 13 ne prévoit pas de délai en deçà duquel le Sous-ministre doit, soit commencer, soit terminer, une enquête après avoir reçu une plainte écrite relative au dumping. L'Association des manufacturiers canadiens recommande que la Loi spécifie qu'une enquête doit être instituée en deçà de trente jours et complétée, décisions prises sur le cas, dans les 120 jours à compter de la date de réception de la plainte écrite.

Nous nous rendons compte que la prescription de ces délais peut poser certaines difficultés à l'administration douanière. Toutefois, la Douane canadienne ayant déjà des enquêteurs en service aux États-Unis, au Japon, en Grande-Bretagne et sur le continent européen, le seul problème réel auquel la prescription de tels délais pourrait donner lieu se poserait dans le cas des importations en provenance d'autres pays, là où il n'y a pas de représentant de la douane canadienne. Même dans ces cas, il devrait être possible, en recourant au courrier aérien, d'obtenir les renseignements dont le Sous-ministre a besoin pour déterminer la valeur normale et le prix à l'exportation.

## Article 14—

Cet article autorise le Sous-ministre à faire une détermination préliminaire du



*[Texte]*

dumping in cases where he is satisfied that dumping is taking place and the actual or potential volume of imports is not negligible without awaiting the decision of the Tribunal regarding the question of injury. We consider it most important that this authority be given to the Deputy Minister so that he may take prompt action in cases where from the evidence on hand it is clear that dumping of a continuing nature is going on. We concur with the provision that the Deputy Minister be required to make a final determination of dumping within three months from the date of the preliminary determination.

## Section 15—

The application of provisional duty to all imports of goods subsequent to the preliminary determination of dumping by the Deputy Minister is highly desirable. Under Canada's present anti-dumping legislation, such action is only taken after the final determination of dumping has taken place. This has created difficulty in collecting the dumping duty payable on past imports where several months elapsed between the time the investigation was commenced and the time the final determination of dumping was made.

## Section 16—

This section authorizes the Anti-dumping Tribunal to investigate and determine whether or not injury has been caused or is likely to be caused to Canadian or potential Canadian producers of like goods when provisional duty has been applied to imported goods by the Deputy Minister.

We support the provision in this section which authorizes the Tribunal to extend the scope of its investigation into the importation of other imported goods which closely resemble the goods to which the preliminary determination applies. The intent of subsection 2(a) would be made more clear by the addition of the word "other" before the word "goods" in the first line of this subsection.

## Section 17—

In order to ensure that the Deputy Minister acts promptly in making a final determination of dumping after the Tribunal has made an order or finding, we suggest that the word "forthwith" be added to line 3 in this section.

## Sections 18 to 20—

We are pleased that the Act contains provisions whereby appeals may be lodged on the

*[Interprétation]*

dumping et ce, sans attendre la décision du Tribunal concernant le préjudice causé, lorsqu'il est convaincu que le dumping a lieu et que le volume réel ou potentiel des importations en question n'est pas négligeable. Selon nous, il est très important que ce pouvoir soit conféré au Sous-ministre afin qu'il puisse prendre promptement des mesures dans les cas où, d'après la preuve dont il dispose, il est clair qu'il s'agit d'un dumping persistant. Nous sommes d'accord avec la disposition de cet article à l'effet que le Sous-ministre soit tenu de faire une détermination définitive du dumping dans les trois mois de la date de la détermination préliminaire.

## Article 15—

Une fois que le Sous-ministre a fait la détermination préliminaire du dumping, il est fort souhaitable que les droits temporaires soient imposés sur toutes les importations de marchandises de la même sorte. Selon la législation canadienne antidumping actuelle, cette mesure n'est prise qu'après la détermination définitive du dumping. Ceci a créé des difficultés dans la perception des droits de dumping payables sur les importations antérieures dans les cas où plusieurs mois s'étaient écoulés entre la date de l'institution de l'enquête et celle de la détermination définitive du dumping.

## Article 16—

Lorsque le Sous-ministre a appliqué le droit temporaire à des marchandises importées, cet article autorise le Tribunal antidumping à faire enquête et à déterminer si oui ou non un préjudice a été causé ou est susceptible d'être causé aux producteurs canadiens actuels et en puissance de marchandises semblables.

Nous appuyons la disposition de cet article qui autorise le Tribunal à étendre le champ d'application de ses enquêtes à l'importation d'autres marchandises dont les caractéristiques ressemblent étroitement à celles des marchandises auxquelles s'applique la détermination préliminaire du dumping. L'esprit du sous-alinéa 2(a) de cet article serait rendu plus clair si l'on y ajoutait, en première ligne, le mot «autres» avant le mot «marchandises».

## Article 17—

Afin d'être assurés que le Sous-ministre fera promptement la détermination définitive du dumping une fois que le Tribunal a émis une ordonnance et des conclusions, nous suggérons que le mot «immédiatement» soit ajouté dans la troisième ligne de cet article.

## Articles 18 à 20—

Nous sommes heureux que la Loi renferme des dispositions en vertu desquelles chaque



*[Text]*

amount of dumping duty levied in any given case.

## Sections 21 to 32—

These sections deal with the establishment of a new Anti-dumping Tribunal of five persons whose principal function is to determine whether or not injury has been caused or is likely to be caused to Canadian producers whenever dumped goods are being imported into Canada. As indicated previously, we are pleased that no attempt has been made to define in the Act the criteria by which the Tribunal is to determine injury.

The Association believes it is important that the chairman and members of the Tribunal should be persons with considerable experience in commerce and industry. The decisions of the Tribunal must be made promptly in order to prevent widespread disruption of the Canadian market.

Section 26 provides that the Tribunal may obtain the advice and assistance of any agency or department of the Government of Canada in the conduct of its business. In the Association's view this communication should work both ways and any government department should be empowered to submit pertinent information or evidence to the Tribunal. We are, however, opposed to the requirement in Section 30 that before issuing an order or a finding, the Tribunal must seek the advice of a panel consisting of the deputy ministers of various government departments. We believe that this requirement could cause serious delays in decision making by the Tribunal and we recommend therefore that Section 30 be deleted from the Act.

We are pleased that provision has been made in Section 29 for hearings to be held in camera by the Tribunal as well as for the non-disclosure of information which is given or elicited in confidence to the Tribunal. We consider this to be vitally important to Canadian producers since injury or a threat of injury cannot be easily determined unless the Tribunal is to have access to confidential records.

## Section 33—

This section requires that dump duty be collected from the owner or importer of the dumped goods including in certain circum-

*[Interpretation]*

fois qu'une personne se croit lésée en ce qui concerne le montant des droits de dumping elle peut en appeler de cette décision.

## Articles 21 à 32—

Ces articles traitent de l'institution d'un nouveau Tribunal antidumping, composé de 5 personnes et dont la fonction principale consistera à déterminer si oui ou non un préjudice a été causé ou est susceptible d'être causé aux producteurs canadiens chaque fois que des marchandises sous-évaluées sont importées au Canada. Tel que déjà mentionné dans le présent mémoire, l'Association se réjouit du fait que l'on n'ait pas tenté de définir dans la Loi le critère auquel recourra le Tribunal pour déterminer le préjudice.

Selon l'Association, il est très important que le président et les membres du Tribunal soient des personnes qui possèdent une vaste expérience dans les domaines commercial et industriel. Les décisions de ce Tribunal devront être prises rapidement afin d'empêcher que le marché canadien ne devienne morcelé de toutes parts.

L'article 26 prévoit que le Tribunal pourra obtenir les conseils et l'aide de tout organisme, ministère ou département du gouvernement du Canada en vue de son bon fonctionnement. L'AMC est d'avis que cette communication devrait être bilatérale et que tout ministère du gouvernement du Canada devrait également pouvoir soumettre des preuves ou renseignements pertinents au Tribunal. Ce à quoi nous nous opposons cependant, c'est à l'exigence de l'article 30 en vertu duquel le Tribunal est tenu de demander l'avis d'un Comité consultatif formé des sous-ministres de divers ministères. Nous croyons que cette exigence peut donner lieu à de sérieux retards dans les décisions du Tribunal et nous recommandons conséquemment l'abrogation de cet article.

Nous souscrivons à la disposition de l'article 29 qui prévoit le huis clos pour les auditions qu'accordera le Tribunal. Nous sommes également d'accord avec le fait que les renseignements qui auront été fournis confidentiellement au Tribunal, ou que celui-ci aura obtenus confidentiellement, ne doivent pas être rendus publics. A notre avis, ce point est souverainement important pour les producteurs canadiens car il n'est pas facile de déterminer que ceux-ci ont souffert un préjudice ou en ont été menacés à moins que le Tribunal n'ait accès à des registres confidentiels.

## Article 33—

Cet article exige que les droits de dumping soient perçus du propriétaire des marchandises sous-évaluées ou de celui qui les a

*[Texte]*

stances the person to whom the dumped goods were sold in Canada.

Section 53.52 of the United States Antidumping Regulations requires that the importer file a written statement to the effect that he has not entered into any agreement or understanding for the payment or refunding by the manufacturer, producer, seller, or exporter of all or any part of the dumping duty assessed against him. We recommend that Section 33 be amended by adding thereto a clause covering such possible reimbursement of dumping duty to the importer by the exporter.

## Section 34—

Subsection 3 provides that where a statement submitted by or on behalf of an importer to the Deputy Minister contains false or incorrect information, the importer is guilty of an offence and liable to a penalty equal to the duty paid value of the imported goods.

We suggest that the word "misleading" be substituted for "incorrect" in this section so that it will only apply in cases where there is a clear intent to deceive the Deputy Minister.

## Section 37—

Canada's present Customs legislation provides for emergency action to be taken in the case of imports of goods which constitute injury to domestic producers but where no dumping has occurred.

The Association is pleased that provision has been made for such emergency action in the new Subsection 1a of Section 7 of the Customs Tariff. This authorizes the imposition of a surtax on imported goods that cause or threaten serious injury to Canadian producers.

Authority for this kind of action is provided for an Article XIX of GATT. The new Subsection is considered to be a highly necessary and essential element of Customs legislation covering the import of goods into Canada.

## Conclusion

The Association has evidence that some wholly owned Canadian subsidiaries of foreign companies are giving consideration to discontinuing their manufacturing operations in Canada in the belief that Canadian industry will receive very little protection from foreign dumping after January 1, 1969. We strongly urge therefore that a statement be made at this time by the Canadian Government re-affirming its policy that anti-dumping duties will be quickly and effectively applied

*[Interprétation]*

importées ou même, en certaines circonstances, de la personne à qui elles ont été vendues au Canada.

L'article 53.52 des règlements américains antidumping exige de l'importateur une déclaration écrite à l'effet qu'il n'a conclu aucune entente ou arrangement en vertu duquel le fabricant, le producteur, le vendeur ou l'exportateur paiera ou remboursera la totalité ou une partie quelconque du droit de dumping qui lui aura été imposé. Nous recommandons que l'article 33 soit modifié par l'adjonction d'une clause portant sur un tel remboursement éventuel du droit de dumping à l'importateur par l'exportateur.

## Article 34—

Le paragraphe (3) prévoit que lorsqu'un état soumis par ou au nom d'un importateur contient des renseignements faux ou inexacts, l'importateur est coupable d'une infraction et passible d'une amende égale aux droits de douanes sur la valeur impossible des marchandises importées.

Nous suggérons que le mot «misleading» remplace le mot «incorrect» dans cet article afin que le terme ne s'applique qu'aux cas où l'intention de tromper le Sous-ministre est évidente.

## Article 37—

La législature canadienne actuelle sur les douanes prévoit qu'une mesure d'urgence soit prise lorsque des importations de marchandises constituent un préjudice aux producteurs canadiens sans qu'il y ait eu dumping.

L'Association est heureuse que le nouveau sous-alinéa 1(a) de l'article 7 du Tarif des douanes prévoit cette mesure d'urgence. Cette nouvelle disposition autorise l'imposition d'une surtaxe sur les marchandises importées qui causent ou menacent de causer un préjudice grave aux producteurs canadiens.

L'article XIX du GATT prévoit ce genre de mesure. L'Association juge que ce nouveau sous-alinéa est fort nécessaire et qu'il constitue un élément essentiel de la législation douanière applicable à l'importation de marchandises au Canada.

## Conclusion

L'Association a des preuves que des filiales de propriété entièrement canadienne mais dont la société-mère est étrangère envisagent de mettre fin à leur exploitation manufacturière au Canada parce qu'elles ont l'impression que l'industrie canadienne sera très peu protégée du dumping après le 1<sup>er</sup> janvier 1969. Nous recommandons donc instamment que le gouvernement du Canada se hâte de faire une déclaration par laquelle il confirmera sa politique que des droits antidumping

*[Text]*

whenever dumping or a threat of dumping is likely to cause injury to Canadian producers.

While the Association considers the Draft Canadian Anti-dumping Act to be generally satisfactory, its effectiveness will depend in large part on the thoroughness and promptness with which the Customs Administration and the Anti-dumping Tribunal carry out their special responsibilities under the Act. The Association pledges its full co-operation to both these agencies in the discharge of their duties.

The Association would be pleased to supplement these views in any way the Committee might desire.

Yours very truly,

J. C. WHITELAW,  
Executive Vice-President  
and General Manager.

*[Interpretation]*

seront rapidement et efficacement appliqués chaque fois qu'un dumping ou une menace de dumping seront susceptibles de causer un préjudice aux producteurs canadiens.

Même si l'Association considère qu'en général le Projet de loi canadienne antidumping est satisfaisant, elle trouve que son efficacité dépendra en grande partie de la minutie et de la diligence avec lesquelles l'Administration douanière ainsi que le Tribunal antidumping assumeront les responsabilités particulières qui leur incombent en vertu de cette Loi. L'Association s'engage à coopérer pleinement avec ces deux organismes dans l'accomplissement de leurs fonctions.

L'Association explicitera bien volontiers, de la façon qui conviendra le mieux à voire Comité, les vues exposées dans le présent document.

Veuillez croire, monsieur le président, que les présentes recommandations vous sont bien respectueusement soumises et agréer l'expression de ma haute considération.

*Le vice-président exécutif  
et directeur général,*

J. C. WHITELAW



[Texte]

## APPENDIX U

Brief of the Canadian Electrical  
Manufacturers Association*Introduction*

The Canadian Electrical Manufacturers Association, with its head office at 10 Price Street, in the City of Toronto, is an Association of 158 manufacturers who are engaged in the manufacture of electrical products in Canada. The volume of sales of the members of the Association represents approximately 90 % of the output of the entire Canadian electrical manufacturing industry.

The Electrical Manufacturing industry in Canada had an output in the year 1967 valued in excess of \$2.1 billion and in that year employed 139,000 Canadians.

The objects of the Association, as set out in the Letters Patent of Incorporation are as follows:

(a) to increase the amount of electrical service to the public and improve the quality of this service;

(b) to promote the standardization of electrical products;

(c) to collect information relating to the electrical industry and to disseminate such information to the members of the Association and the public;

(d) to appear for the members of the Association before and to co-operate with legislative committees, governmental departments and agencies and other bodies in regard to matters affecting the industry and

(e) to promote a spirit of co-operation among the members of the Association in the attainment of improved production, enlarged distribution and increased efficiency in the use of electrical products.

Further information concerning CEMA is given in the following Appendices to this Submission.

List of CEMA members—Annex A

List of CEMA Officers and Directors—  
Annex B

*Position on International Trade*

The Canadian Electrical Manufacturers Association believes in fair equitable trade under existing laws and agreements. Further,

[Interprétation]

## APPENDICE U

MÉMOIRE DE LA CANADIAN ELECTRICAL  
MANUFACTURERS ASSOCIATION*Introduction*

The Canadian Electrical Manufacturers Association dont le siège social est situé au 10 Price Street à Toronto, est une association groupant 158 fabricants de matériel électrique au Canada. Le volume des ventes des membres de l'Association représente environ 90 % du rendement total de l'industrie canadienne de la fabrication de matériel électrique.

La production de l'industrie de la fabrication de matériel électrique au Canada pour l'année 1967 a été évaluée à plus de \$2.1 milliards et l'effectif de la main-d'œuvre employée à cet effet comptait 139,000 Canadiens.

Les buts de l'Association, tels qu'ils figurent dans les lettres patentes d'incorporation, sont les suivants:

(a) accroître non seulement le volume du service électrique destiné au public, mais en améliorer aussi la qualité;

(b) stimuler la normalisation du matériel électrique;

(c) accumuler les renseignements relatifs à l'industrie électrique et les diffuser aussi bien aux membres de l'Association qu'au public;

(d) comparaître, pour les membres de l'Association, devant les comités législatifs, les agences et les services gouvernementaux et autres corps constitués et collaborer avec eux quant aux questions qui affectent l'industrie; et

(e) stimuler l'esprit de collaboration entre les membres de l'Association afin de pouvoir améliorer la production, étendre la distribution et accroître l'efficacité dans l'utilisation du matériel électrique.

Des renseignements supplémentaires sur CEMA figurent dans les annexes à ce mémoire, savoir:

Liste des membres de la CEMA—Annexe A

Liste des cadres et des administrateurs de la CEMA—Annexe B

*Situation du commerce international*

The Canadian Electrical Manufacturers Association est partisane d'un commerce équitable en vertu des lois et des conventions

## [Text]

CEMA believes in the maximum flow of world trade. It believes that dumping, the use of subsidies, direct or indirect, and other non-tariff barriers are destructive practices leading to trade wars and eventual curtailment of world trade.

The Canadian Electrical Manufacturers Association contends that dumping is taking place in the market for electrical products in Canada and, further, that this has been injurious to a destructive degree to a large segment of the Canadian Electrical Manufacturing industry. These practices, which circumvent the intent of existing trade laws and agreements, are not conducive to two-way trade.

The Canadian Electrical Manufacturers Association believes in the benefits of international trade, *but*, a trade equally fair to all competitors and conducted with strict observance to established agreements and laws of the importing countries concerned.

#### *The Proposed New Anti-Dumping Legislation*

The Canadian Electrical Manufacturers Association has examined the proposed new anti-dumping legislation contained in the White Paper on Anti-Dumping, September 1968, and concludes that it is consistent with the International Code on anti-dumping to which Canada has subscribed at Geneva in 1967 and believes that it lays the foundation to ensure that fair trading practices apply to foreign producers and Canadian producers alike.

The proposed legislation introduces a new concept to Canada—that of “injury to production” and provides that evidence of both DUMPING and INJURY must be established before penalties are applied.

#### *Evaluation of Injury*

The Canadian Electrical Manufacturers Association is pleased to note the proposed Act provides for a Tribunal to be appointed for the purpose of determining injury to Canadian production. It is the opinion of the Canadian Electrical Manufacturers Association that there should be no attempt made to define “injury” in the language of this Act but that judgment of injury be in the hands of the Tribunal as stipulated.

The Canadian Electrical Manufacturers Association suggests that the Deputy Minister, acting in his administrative capacity in

## [Interpretation]

existantes. De plus, la CEMA est partisane d'un courant de commerce international porté à son maximum. Elle est persuadée que le dumping, les subventions—directes et indirectes—et autres barrières douanières non tarifaires, sont les méthodes destructrices qui ne contribuent qu'à envenimer les relations commerciales et conduisent finalement à une réduction dans l'ampleur du commerce international.

The Canadian Electrical Manufacturers Association affirme que le dumping est en train de s'infiltrer dans le marché du matériel électrique au Canada et, de plus, que la méthode a été nuisible et même destructrice pour un large segment de l'industrie canadienne de fabrication de matériel électrique. Ces pratiques, qui circonviennent les desseins des lois et des conventions commerciales existantes ne sont pas favorables au succès des échanges commerciaux.

The Canadian Electrical Manufacturers Association prise les avantages d'un commerce international, *mais* d'un commerce équitable pour tous les concurrents et régit selon la stricte observation des accords conclus avec les pays importateurs et des lois qui les gouvernent.

#### *Le projet de loi antidumping*

The Canadian Electrical Manufacturers Association a étudié le projet d'une nouvelle loi antidumping contenu dans le Livre blanc sur l'antidumping, septembre 1968, et elle en a conclu que ce projet est conforme au code international sur l'antidumping auquel le Canada a adhéré à Genève en 1967. Elle est persuadée que ce projet représente la base nécessaire pour garantir des pratiques commerciales équitables entre les producteurs canadiens et étrangers.

La législation proposée introduit au Canada un nouveau concept—celui du «préjudice à la production»—selon lequel la preuve tant du DUMPING que du PRÉJUDICE doit être établie avant que les pénalités puissent être imposées.

#### *Évaluation du préjudice*

The Canadian Electrical Manufacturers Association est fière de constater que le projet de loi prévoit un tribunal dont les fonctions consisteront à déterminer le préjudice causé à la production canadienne. The Canadian Electrical Manufacturers Association est d'avis qu'aucune tentative de définition du préjudice ne doit être faite, au sens de cette loi, mais que l'appréciation du préjudice soit laissée au tribunal, comme stipulé.

The Canadian Electrical Manufacturers Association suggère que le sous-ministre, agissant dans l'exercice de ses fonctions en ce



*[Texte]*

the determination of injury, should consider that injury or threat of injury is anything which adversely affects one or more of the following: the maintenance and growth of profitable markets; the efficient utilization of capital, manpower, production facilities, material and supplies in any industry, which is established or about to be established.

*The Need for Effective Enforcement*

While the legislative proposals on anti-dumping appear to make adequate provisions for the safeguarding of Canadian industry against unfair trade practices, we recommend that the administrative enforcement against dumping equally strong, so that in the case of injurious dumping, the authorities can move effectively and aggressively. This is important to producers of electrical equipment because certain sectors of our industry are fighting for their very survival.

The inroads made by British and other European exporters to traditional markets for some of our product lines have reached overwhelming proportions. This is especially the case in regard to electric power generation and transmission equipment where, in the past two years, over 35 per cent of our domestic market has disappeared to offshore competitors.

Evidence available to us indicates that the export pricing tactics of these offshore competitors departs significantly from the pricing basis applicable to their own domestic markets; the very practice that is condemned in Article VI of GATT.

We have found that in the case of electric power generation and transmission equipment, the export prices quoted to our Canadian markets are, on the average, about 48 per cent less than the comparable price, in the ordinary course of trade, for the like products when destined for markets in the exporting country.

Further, when we attempt to equate the offshore export costs to a concept of normal value, we also find that the same disparate situation prevails as in the dual pricing method and this is, of course, important in the determination of normal value of goods, based on the aggregate of the cost of production of the goods and an amount for administration, selling and all other costs and for

*[Interprétation]*

qui concerne la détermination du préjudice, devrait s'appuyer sur le principe selon lequel le préjudice ou la menace des préjudices est constitué par tout facteur qui exerce une influence défavorable sur un seul ou sur plusieurs des éléments suivants: conservation et croissance de marchés profitables, utilisation efficace des capitaux, main-d'œuvre, aménagement de la production, matériaux et fournitures dans toute industrie déjà fondée ou sur le point de l'être.

*Des mesures exécutoires efficaces s'imposent*

Bien que les projets de loi sur l'antidumping semblent prévoir la sauvegarde de l'industrie canadienne en la préservant judicieusement contre les pratiques commerciales déloyales, nous voudrions que les mesures exécutoires administratives contre le dumping soient prises aussi fermement afin que dans les cas d'un dumping préjudiciable les autorités puissent prendre l'offensive et agir avec efficacité. La question revêt une importance particulière pour les fabricants d'équipement électrique car certains secteurs de notre industrie en sont arrivés au point où ils doivent combattre pour ne pas succomber.

Les incursions faites par les exportateurs britanniques et autres exportateurs européens dans le secteur des marchés ordinairement réservés à certaines gammes de notre production ont atteint des proportions invraisemblables. Le cas s'applique particulièrement à l'équipement générateur et de transmission d'énergie électrique où plus de 35% de notre marché intérieur a été accaparé par des concurrents lointains au cours des deux dernières années.

La preuve que nous avons pu obtenir indique que les tactiques dictant les prix à l'exportation de ces concurrents lointains s'écarte sensiblement de la base applicable à leurs propres marchés intérieurs; cette pratique est condamnée dans l'article VI de GATT.

Nous avons constaté, pour l'équipement générateur et de transmission d'énergie électrique, que les prix à l'exportation cotés pour nos marchés canadiens sont, en moyenne, inférieurs de 48 % aux prix comparables, pour les mêmes produits, dans le cours ordinaire des affaires, lorsque ces produits sont destinés aux marchés d'exportation.

En essayant d'égaliser les coûts des exportations lointaines au niveau du concept de la valeur normale, nous avons constaté par ailleurs que, tout comme avec la méthode de double fixation des prix, la même situation disparate prévalait ce qui, bien entendu, est important dans la détermination de la valeur normale des marchandises lorsque celle-ci est basée sur le coût global de leur production,



## [Text]

profits. The export costing methods used by our European competitors are on an incremental basis while in the ordinary course of trade for home consumption, values are equated to costs by using standard costing methods.

It is becoming increasingly evident that Japanese wire and cable manufacturers are employing similar tactics to gain a significant share of Canadian power cable market.

Intensive efforts have been made over the past few years to replace lost domestic business by increased export sales. Despite these efforts, the Canadian Electrical Manufacturing industry has found itself unable to penetrate certain export markets, because of artificial barriers which are being erected by certain governments and their agencies to protect domestic production. A substantial body of evidence on these practices has been compiled by our industry.

Unless the realities of the international trading situation on electrical equipment are recognized by those charged with implementing Canada's new Anti-Dumping legislation, irreparable damage to the Canadian Electrical Manufacturing industry must inevitably result.

In view of the critical decisions which the Tribunal will be called on to make, it is imperative that it be staffed by individuals of the highest calibre with broad experience in commerce and industry. The Canadian Electrical Manufacturers Association believes that every effort should be made to secure the services of senior individuals with extensive practical experience in a cross-section of Canadian industry and government.

#### *Canadian Economic & Social Objectives*

We have given our views on the proposed Anti-Dumping Act and we are prepared to answer questions and discuss it in more detail. We have expressed the industry's keen concern that, pursuant to the Act, Regulations be issued and administrative action be provided consistent with the spirit and intent of the proposed Act. But overriding these concerns is the need to relate them to the broader economic and social objectives of Canada and the continued welfare and prosperity of Canadians generally.

From the Economic Council of Canada and elsewhere, we have heard of the productivity

## [Interpretation]

plus une certaine somme pour l'exportation, les frais de vente et autres, et compte tenu des profits. Les méthodes de calcul du coût à l'exportation utilisées par nos concurrents européens sont basées sur l'accroissement, alors que dans le cours ordinaire du commerce national, les valeurs sont égalisées par rapport aux coûts calculés selon les méthodes standard d'établissement des prix de revient.

Il devient de plus en plus évident que les fabricants japonais de fils et câbles emploient des tactiques similaires pour acquérir une part importante du marché canadien des câbles électriques.

D'immenses efforts ont été entrepris au cours des dernières années pour équilibrer le fléchissement des affaires intérieures en augmentant les exportations. Malgré tout, l'industrie canadienne de la fabrication de matériel électrique s'est trouvée dans l'impossibilité de pénétrer dans certains marchés d'exportation par suite des barrières artificielles érigées par certains gouvernements et leurs agences respectives afin de protéger la production intérieure. Notre industrie a réussi à accumuler des preuves flagrantes de ces pratiques.

A moins que le réalisme de la situation du commerce international en ce qui concerne le matériel électrique soit reconnu par les organismes chargés d'exécuter la nouvelle loi antidumping au Canada, l'industrie canadienne de la fabrication de matériel électrique sera la victime d'irréparables dommages.

Compte tenu des décisions critiques que le tribunal devra prendre, il est impérieux qu'il soit constitué par des personnalités de haut calibre possédant une vaste expérience du commerce et de l'industrie. The Canadian Electrical Manufacturers Association est persuadée qu'aucun effort ne doit être épargné pour s'assurer les services de cadres supérieurs ayant une expérience pratique étendue, aussi bien à l'échelon gouvernemental qu'à l'échelon industriel canadien.

#### *Objectifs sociaux et économiques canadiens*

Ayant présenté nos vues sur le projet de loi antidumping, nous sommes prêts à répondre aux questions et à les discuter en détail. Nous avons exprimé l'extrême intérêt de l'industrie à voir édicter, en conséquence de la loi, des Règlements et des mesures administratives conformes à l'esprit et aux intentions du projet en question. Cependant, ce qui l'emporte sur l'intérêt manifesté par l'industrie, c'est en particulier le besoin de rattachement à des objectifs économiques et sociaux beaucoup plus vastes et, en général, le maintien du bien-être et de la prospérité des Canadiens.

Nous avons entendu parler, entre autres, par l'entremise du Conseil Économique du

## [Texte]

gap between Canadian and United States industry. We have heard of the gap in Research and Development. We have heard of the gap in levels of education, particularly at senior management level.

We are also aware of the growing increase in Canada's potential work force and of the need to train and prepare these people so that they can make an adequate contribution toward increased productivity, toward more research and development, toward better management and toward a higher Canadian living standard. For example.

—During the period 1970-75 the increase in new job requirements is forecast at 230,000 per year; a rate more than 50% higher than the 150,000 per year in the 1960-65 period.

—This rate of entry to the total work force is 50% higher than that in the United States and higher than in any other industrialized nation.

Governments at all levels are vitally concerned with establishing a climate for the development of job opportunities not only in sufficient quantity but, equally important, of high quality. Governments at all levels are spending vast sums of money to promote the development of a Canadian research and development capability, to extend educational facilities of all kinds and to upgrade the educational standards.

It is therefore quite important that industry, and particularly secondary manufacturing industry, which is more labour intensive, be given every opportunity to grow and progress in every possible way so that it will be able to employ productively the Canadians who will be entering our work force in the near future.

At the pleasure of the Committee, a delegation from the Canadian Electrical Manufacturers Association would be willing to attend a session of the Committee for further discussion. It is our opinion that such discussion would be productive for both the Committee and the Association.

F. G. Samis,

General Manager.

K. H. Rapsey

President.

## [Interprétation]

Canada, du fossé qui séparait l'industrie canadienne de l'industrie américaine en matière de productivité. Nous avons entendu parler également de la brèche qui sépara la recherche et la mise au point, comme de celle qui existe entre les niveaux d'éducation, particulièrement dans le domaine des cadres de direction.

Nous sommes parfaitement au courant de l'accroissement du potentiel de la main-d'œuvre au Canada et de la nécessité de former et de préparer cette main-d'œuvre afin qu'elle puisse apporter sa contribution à l'amplification de la productivité, à la recherche, à la mise au point, à une meilleure gestion et à un standard de vie plus élevé. Par exemple:

—Durant la période 1970-1975, on prévoit que l'accroissement des exigences en matière de nouveaux métiers sera de 230,000 par an; c'est-à-dire un taux supérieur de 50% aux 150,000 par an pour la période 1960-1965.

—Ce taux d'accès à la main-d'œuvre est supérieur de 50% à celui des États-Unis et plus élevé que celui de n'importe quel autre pays industrialisé.

Les gouvernements, à tous les échelons, tentent de créer un climat propice à la mise au point de perspectives favorables à la création de nouveaux emplois non seulement suffisants en nombre, mais en qualité. Au Canada, les gouvernements, quels qu'ils soient, dépensent d'énormes sommes pour favoriser le développement et la recherche des capacités, pour étendre les conditions favorables à l'éducation dans tous les domaines et, dans l'ensemble, pour rehausser les normes de l'éducation.

En conséquence, il est donc important que l'industrie, et particulièrement l'industrie secondaire de la fabrication, soit en mesure de s'étendre et de progresser dans tous les secteurs possibles afin de fournir des situations enviables aux Canadiens qui constitueront la main-d'œuvre de demain.

Une délégation de la Canadian Electrical Manufacturers Association se tient à la disposition du Comité pour assister à une de ces sessions, afin de discuter de la question en cause. Nous croyons sincèrement que ces discussions porteront leurs fruits tant pour le Comité que pour l'Association.

F. G. Samis  
Directeur général.

K. H. Rapsey  
Président.



[Text]

## ANNEX A

## LIST OF CEMA MEMBER COMPANIES

## Company and Official Representative

Acme Division, Polygon Services Ltd., E. C. Hamlin; Allen-Bradley Canada Limited, K. H. Rapsey; Allen West (Canada) Ltd., K. J. Trudgen (1st Alt); Alpin Otis Elevator Co. Ltd., G. Fecteau; Aluminum Company of Canada Ltd., M. Emmett; Amalgamated Electric Corporation Ltd., C. A. Calderone; The Arborite Company, E. L. Crossman; Arrow-Hart & Hegeman (Canada) Ltd., G. R. Hooper; Ascoelectric Brantford Ltd., F. E. Lewis; Automatic Sprinkler Company (1964) Ltd., B. E. Ruscoe; Bay Bronze (1962) Ltd., M. S. Wallace; Bedard-Girard Limited, J. Phaneuf; A. Belanger, Limitée, T. St. Laurent; E. W. Bliss Company (Canada) Ltd., G. Montgomery; British Columbia Transformer Co. Ltd., H. N. Burgess; Brown Boveri (Canada) Ltd., W. O. Rowan; Burndy Canada Ltd., F. H. McLenaghan; Canada Wire & Cable Co. Ltd., J. H. Stevens; Canadian Admiral Corporation Ltd., S. D. Brownlee; Canadian Allis-Chalmers Limited, B. T. Ellis; Canadian Armature Works Corp., V. Zyto; The Canadian Chromalox Co. Ltd., V. N. Stock; The Canadian Coleman Co. Ltd., I. D. Campbell; Canadian Controllers Limited, S. A. Musselman; Canadian General Electric Co. Ltd., A. F. Johnston; Canadian Ohio Brass Co. Ltd., E. R. Davey; Canadian Phoenix Steel & Pipe Ltd., A. D. Morris; Canadian Porcelain Co. Ltd., W. B. Hall; Canadian Sterling Electric Ltd., J. Hawes; Canadian Westinghouse Co. Ltd., W. J. Cheesman; Canadian White Star Products Ltd., W. E. White; Canron Limited, C. A. Shupe; Cansfield Electrical Works Ltd., P. D. Smith; James B. Carter Limited, D. Sprague; CEB Limited, R. J. Geleziunas; A. B. Chance Co. of Canada Ltd., W. H. White; Commercial Enclosed Fuse Co. (Canada) Ltd., B. F. Hahn; Conduflor Canada Limited, H. J. Hoseason; Conduits National Company Limited, R. Clarke, Jr.; Crompton Parkinson Electrical Ltd., T. L. Berridge; Crouse-Hinds Company of Canada, Ltd., C. F. Graham; Cutler-Hammer Canada Limited, C. A. Wilde; The Danby Corporation, J. B. Miller; Darling Brothers Limited, A. Hynd; Dominion Cutout Limited, D. C. Ferguson; Dominion Electric Manufacturing Co. Ltd.; Dover Corporation (Canada) Ltd., F. S. Harwood; F. X. Drolet Inc., A. Belanger; Eagle Electric of Canada Ltd., N.

[Interpretation]

## ANNEXE A

LISTE DES COMPAGNIES MEMBRES  
DE LA CEMA

## Compagnie et représentant officiel

Acme Division, Polygon, Services Ltd., E.C. Hamlin; Allen-Bradley Canada Limited, K.H. Rapsey; Allen West (Canada) Ltd., K. J. Trudgen (1st Alt); Alpin Otis Elevator Co. Ltd., G. Fecteau; Aluminum Company of Canada Ltd., M. Emmett; Amalgamated Electric Corporation Ltd., C. A. Calderone; The Arborite Company, E. L. Crossman; Arrow-Hart & Hegeman (Canada) Ltd., G. R. Hooper; Ascoelectric Brantford Ltd., F. E. Lewis; Automatic Sprinkler Company (1964) Ltd., B. E. Ruscoe; Bay Bronze (1962) Ltd., M. S. Wallace; Bedard-Girard Limited, J. Phaneuf; A. Bélanger, Limitée, T. St-Laurent; E. W. Bliss Company (Canada) Ltd., G. Montgomery; British Columbia Transformer Co. Ltd., H. N. Burgess; Brown Boveri (Canada) Ltd., W. O. Rowan; Burndy Canada Ltd., F. H. McLenaghan; Canada Wire & Cable Co. Ltd., J. H. Stevens; Canadian Admiral Corporation Ltd., S. D. Brownlee; Canadian Allis-Chalmers Limited, B. T. Ellis; Canadian Armature Works Corp., V. Zyto; The Canadian Chromalox Co. Ltd., V. N. Stock; The Canadian Coleman Co. Ltd., I. D. Campbell; Canadian Controllers Limited, S. A. Musselman; Canadian General Electric Co. Ltd., A. F. Johnston; Canadian Ohio Brass Co. Ltd., E. R. Davey; Canadian Phoenix Steel & Pipe Ltd., A. D. Morris; Canadian Porcelain Co. Ltd., W. B. Hall; Canadian Sterling Electric Ltd., J. Hawes; Canadian Westinghouse Co. Ltd., W. J. Cheesman; Canadian White Star Products Ltd., W. E. White; Canron, Limited, C. A. Shupe; Cansfield Electrical Works Ltd., P. D. Smith; James B. Carter Limited, D. Sprague; CEB Limited, R. J. Geleziunas; A. B. Chance Co. of Canada Ltd., W. H. White; Commercial Enclosed Fuse Co. (Canada) Ltd., B. F. Hahn; Conduflor Canada Limited, H. J. Hoseason; Conduits National Company Limited, R. Clarke, Jr.; Crompton Parkinson Electrical Ltd., T. L. Berridge; Crouse-Hinds Company of Canada, Ltd., C. F. Graham; Cutler-Hammer Canada Limited, C. A. Wilde; The Danby Corporation, J. B. Miller; Darling Brothers Limited, A. Hynd; Dominion Cutout Limited, D. C. Ferguson; Dominion Electric Manufacturing Co. Ltd., Dover Corporation (Canada) Ltd., F. S. Harwood; F. X. Drolet Inc., A. Bélanger; Eagle Electric of Canada Ltd., N. W.



## [Texte]

W. Leddy; Eastern Wire & Conduits Limited, H. E. R. Merker; Edwards of Canada Limited, R. A. Yates; Electrical Mfg. Co. Ltd., C. Rousseau; Electric Power Equipment Limited, R. Bartholomew; Electroheat Limited, A. B. Johnson; Electroline Manufacturing Co. Ltd., A. Berniker; Electromode Division, Singer Co. of Canada, I. L. Campbell; Electrovert Ltd., J. Gogan; Emerson Electric Canada Limited, M. K. Douglas; English Electric Co. of Canada Ltd., H. B. Style; The Enterprise Foundry Co. Ltd., E. M. S. Fisher; Esna Limited, J. R. Lindsay; Fairgrieve & Son Limited, D. M. Fairgrieve; Federal Pacific Electric of Canada, B. W. Ball; Federal Wire & Cable Co. (Canada) Ltd., E. L. Dalton; Ferranti-Packard Electric Limited, T. Edmondson; Fibreglas Canada Limited, A. J. Fisher; Fieldcraft Lamps Limited, J. W. Kerr; Findlays Limited, A. J. Illingworth; Fittings Limited, H. G. Palmer; Franklin Manufacturing Co. (Canada) Ltd., P. Salipante; Frigidaire Products of Canada Ltd., E. V. Rippingille, Jr.; Furnas Electric Canada Ltd., N. E. Brown; General Freezer Limited, J. R. Goodwillie; General Steel Wares Limited, F. R. Johnson; General Wire & Cable Co. Ltd., K. Fabricius; Gilson Manufacturing Co. Ltd., A. J. Kendrick; Great Lakes Electrical Specialties Ltd., H. D. Young; Hamilton Porcelains Limited, A. V. Mason; Harvey Hubbell of Canada Ltd., D. Houston; Heron Cable Industries Ltd., R. A. Phillips; The Holophone Company Limited, A. R. Parrish; Honeywell Controls Limited, J. H. Fox (1st Alt); Horn Elevator Limited, E. Horn; Hupp Canada (1961) Limited, Y. L'Heureux; Iberville Fittings Limited, V. N. Longtin; Ilsco of Canada Limited, D. M. Ottmann; Industrial Wire & Cable Limited, G. D. Zimmerman; John Inglis Co. Limited, H. Nuttall; I-T-E Circuit Breaker (Canada) Ltd., R. R. Farrell; ITT Wire & Cable, C. Desjardins; Kearney National (Canada) Ltd., G. R. Raisbeck; Kelvinator Sales Corporation Ltd., N. H. Leach; Klockner-Moeller Ltd., W. B. Peterkin; Kondu Mfg. Company Limited, D. H. Kirkwood; Lacal Industries Limited, R. C. Walker; Leeds & Northrup Canada Ltd., J. M. Jackson; Leonard Refrigerator Co. of Canada Ltd., N. H. Leach; Lewis-Shepard (Canada) Ltd., E. Best; Lincoln Electric Co. of Canada Ltd., M. N. Vuchnich; Manitoba Bridge & Engineering Works, D. N. S. Hodgson; Markel Electric Products, Ltd., D. Markel; Marr Electric Limited, D. P. Marr; Moffats Limited, J. C. Cooper; Moloney Electric Co. of Canada Ltd., G. E. Dunfield; Montgomery Elevator Co. of Canada Ltd., J. F. Roelofson; Murray-Jensen Mfg. Ltd., N. W. Leddy; McGraw-Edison of Canada Ltd., T. G. Quance; National Fibre

## [Interprétation]

Leddy; Eastern Wire & Conduits Limited, H. E. R. Merker; Edwards of Canada Limited, R. A. Yates; Electrical Mfg. Co. Ltd., C. Rousseau; Electric Power Equipment Limited, R. Bartholomew; Electroheat Limited, A. B. Johnson; Electroline Manufacturing Co. Ltd., A. Berniker; Electromode Division, Singer Co. of Canada, I. L. Campbell; Electrovert Ltd., J. Gogan; Emerson Electric Canada Limited, M. K. Douglas; English Electric Co. of Canada Ltd., H. B. Style; The Enterprise Foundry Co. Ltd., E. M. S. Fisher; Esna Limited, J. R. Lindsay; Fairgrieve & Son Limited, D. M. Fairgrieve; Federal Pacific Electric of Canada, B. W. Ball; Federal Wire & Cable Co. (Canada) Ltd., E. L. Dalton; Ferranti-Packard Electric Limited, T. Edmondson; Fibreglas Canada Limited, A. J. Fisher; Fieldcraft Lamps Limited, J. W. Kerr; Findlays Limited, A. J. Illingworth; Fittings Limited, H. G. Palmer; Franklin Manufacturing Co. (Canada) Ltd., P. Salipante; Frigidaire Products of Canada Ltd., E. V. Rippingille, Jr.; Furnas Electric Canada Ltd., N. E. Brown; General Freezer Limited, J. R. Goodwillie; General Steel Wares Limited, F. R. Johnson; General Wire & Cable Co. Ltd., K. Fabricius; Gilson Manufacturing Co. Ltd., A. J. Kendrick; Great Lakes Electrical Specialties Ltd., H. D. Young; Hamilton Porcelains Limited, A. V. Mason; Harvey Hubbell of Canada Ltd., D. Houston; Heron Cable Industries Ltd., R. A. Phillips; The Holophone Company Limited, A. R. Parrish; Honeywell Controls Limited, J. H. Fox (1st Alt); Horn Elevator Limited, E. Horn; Hupp Canada (1961) Limited, Y. L'Heureux; Iberville Fittings Limited, V. N. Longtin; Ilsco of Canada Limited, D. M. Ottmann; Industrial Wire & Cable Limited, G. D. Zimmerman; John Inglis Co. Limited, H. Nuttall; I-T-E Circuit Breaker (Canada) Ltd., R. R. Farrell; ITT Wire & Cable, C. Desjardins; Kearney National (Canada) Ltd., G. R. Raisbeck; Kelvinator Sales Corporation Ltd., N. H. Leach; Klockner-Moeller Ltd., W. B. Peterkin; Kondu Mfg. Company Limited, D. H. Kirkwood; Lacal Industries Limited, R. C. Walker; Leeds & Northrup Canada Ltd., J. M. Jackson; Leonard Refrigerator Co. of Canada Ltd., N. H. Leach; Lewis-Shepard (Canada) Ltd., E. Best; Lincoln Electric Co. of Canada Ltd., M. N. Vuchnich; Manitoba Bridge & Engineering Works, D.N.S. Hodgson; Markel Electric Products, Ltd., D. Markel; Marr Electric Limited, D. P. Marr; Moffats Limited, J. C. Cooper; Moloney Electric Co. of Canada Ltd., G. E. Dunfield; Montgomery Elevator Co. of Canada Ltd., J. F. Roelofson; Murray-Jensen Mfg. Ltd., N. W. Leddy; McGraw-Edison of Canada Ltd., T. G. Quance; National Fibre Co. of Canada Ltd., H.

## [Text]

Co. of Canada Ltd., H. A. Frankel; National Porcelain, E. Dodd; Northern Electric Co. Ltd., V. O. Marquez; Otis Elevator Co. Ltd., G. H. Blumenauer; R. Payer Co. Ltd., R. Payer; The Peelle Co. Ltd., J. N. Sproule; Permali (Canada) Ltd., R. J. Yates; Philco Ford of Canada Ltd., R. A. MacDonald; Phillips Cables Limited, T. A. Lindsay; Pierce Fuse Limited, G. A. Barrett; Pioneer Electric, D. E. Mathewson; Pioneer Electric Brandon Limited, J. B. Thorsteinsson; Pioneer Electric Ontario Limited, R. Noonan; Pirelli Cables Limited, D. G. McKay; E. W. Playford Company Limited, E. R. Hickman; Powerlite Devices Ltd., D. S. Young; Powertronic Equipment Ltd., D. E. Bawden; Pyle-National (Canada) Ltd., I. Y. Morrison; Pyrotenax of Canada Limited, A. J. C. Ward; Railway & Power Engineering Corp. Ltd., P. Davidson; Ranco Controls Limited, G. E. Downie; RCA Victor Company Ltd., R. H. Girouard; Reliance Electric & Engineering (Canada), N. J. McCartney; Renfrew Electric Co. Ltd., J. R. Longstaffe; Reynolds Cable Company Limited, J. D. Murphy; The Robbins & Myers Co. of Canada, Ltd., E. G. Jones; Wm. Roberts Electric Ltd., H. C. Scott; Robertson-Irwin Limited, K. C. MacKenzie; Sangamo Company Limited, L. C. Collingwood; S & C Electric Canada Limited, A. R. Morrison; Siemens Canada Limited, W. B. Waite; Simplicity Products Limited, R. J. Collins-Wright; Slater Steel Industries Ltd., D. F. Grant; Smith & Stone Limited, H. A. Martin; Square D Company Canada Limited, C. R. Verrier; The Steel Co. of Canada Ltd., F. I. Baine; Swift Devices Limited, D. M. Horn; Tappan-Gurney Ltd., C. R. Lair; Taylor Electric Mfg. Co. Ltd., A. J. Taylor; Temco Electric Manufacturing Co., F. J. Ryan; Thomas & Betts Limited, R. E. Bailey; Trench Electric Limited, R. W. Eden; Triangle Conduit & Cable (Canada), A. E. Beckley; Unelco Limited, C. J. Pratt; Unifin Division, F. S. Brown; Universal Wire & Cable Co. Ltd., E. D. Perry; Walker-Parkersburg, F. P. Thorpe; Ward Leonard of Canada Ltd., J. H. Kluge; W. W. Wells Limited, J. E. Kennedy; Westeel-Rosco Limited, D. A. Young; W. C. Wood Company Limited, W. C. Wood.

Total No. of CEMA Companies—158.

## [Interpretation]

A. Frankel; National Porcelain, E. Dodd; Northern Electric Co. Ltd., V. O. Marquez; Otis Elevator Co. Ltd., G. H. Blumenauer; R. Payer Co. Ltd., R. Payer; The Peelle Co. Ltd., J. N. Sproule; Permali (Canada) Ltd., R. J. Yates; Philco Ford of Canada Ltd., R. A. MacDonald; Phillips Cables Limited, T. A. Lindsay; Pierce Fuse Limited, G. A. Barrett; Pioneer Electric, D. E. Mathewson; Pioneer Electric Brandon Limited, J. B. Thorsteinsson; Pioneer Electric Ontario Limited, R. Noonan; Pirelli Cables Limited, D. G. McKay; E. W. Playford Company Limited, E. R. Hickman; Powerlite Devices Ltd., D. S. Young; Powertronic Equipment Ltd., D. E. Bawden; Pyle-National (Canada) Ltd., I. Y. Morrison; Pyrotenax of Canada Limited, A. J. C. Ward; Railway & Power Engineering Corp. Ltd., P. Davidson; Ranco Controls Limited, G. E. Downie; R.C.A. Victor Company Ltd., R. H. Girouard; Reliance Electric & Engineering (Canada), N. J. McCartney; Renfrew Electric Co. Ltd., J. R. Longstaffe; Reynolds Cable Company Limited, J. D. Murphy; The Robbins & Myers Co. of Canada, Ltd., E. G. Jones; Wm. Roberts Electric Ltd., H. C. Scott; Robertson-Irwin Limited, K. C. MacKenzie; Sangamo Company Limited, L. C. Collingwood; S & C Electric Canada Limited, A. R. Morrison; Siemens Canada Limited, W. B. Waite; Simplicity Products Limited, R. J. Collins-Wright; Slater Steel Industries Ltd., D. F. Grant; Smith & Stone Limited, H. A. Martin; Square D Company Canada Limited, C. R. Verrier; The Steel Co. of Canada Ltd., F. I. Baine; Swift Devices Limited, D. M. Horn; Tappan-Gurney Ltd., C. R. Lair; Taylor Electric Mfg. Co. Ltd., A. J. Taylor; Temco Electric Manufacturing Co., F. J. Ryan; Thomas & Betts Limited, R. E. Bailey; Trench Electric Limited, R. W. Eden; Triangle Conduit & Cable (Canada), A. E. Backley; Unelco Limited, C. J. Pratt; Unifin Division, F. S. Brown; Universal Wire & Cable Co. Ltd., E. D. Perry; Walker-Parkersburg, F. P. Thorpe; Ward Leonard of Canada Ltd., J. H. Kluge; W. W. Wells Limited, J. E. Kennedy; Westeel-Rosco Limited, D. A. Young; W. C. Wood Company Limited, W. C. Wood.

Nombre total des compagnies de la CEMA: 158.



[Texte]

**ANNEX B****CANADIAN ELECTRICAL MANUFACTURERS ASSOCIATION****EXECUTIVE COMMITTEE OF THE BOARD OF DIRECTORS 1968-69**

President: \*K. H. Rapsey, President, Allen-Bradley Canada Ltd., 135 Dundas St., Galt, Ont.

1st Vice President: \*T. A. Lindsay, President, Phillips Cables Ltd., King St. West, Brockville, Ont.

2nd Vice President: W. G. Ward, Executive Vice President, & General Manager, Power Utilities Division, Canadian General Electric Co., 1900 Eglinton Ave. East, Scarborough, Ont.

3rd Vice President: K. C. Hague, General Manager, Electrical Division, Canron Limited, 160 St. Joseph St., Montreal 32, P.Q.

Other Members: \*J. H. Stevens, President, Canada Wire & Cable Co. Ltd., Postal Station "R", Toronto 17, Ont.; J. G. Little, Executive Vice President, Northern Electric Co. Ltd., P.O. Box 6123, Montreal, P.Q.; \*W. J. Cheesman, President, Canadian Westinghouse Co. Ltd., P.O. Box 510, Hamilton, Ont.

Treasurer: \*C. F. Graham, President, Crouse-Hinds Co. of Canada, 1160 Birchmount Rd., Scarborough, Ont.

Secretary: \*C. R. Verrier, President, Square D Company Canada Ltd., 120 Industry St., Toronto 15, Ont.

Immediate Past President: R. M. Barford, President, General Steel Wares Ltd., Box 426, Terminal "A", Toronto 1, Ont.

\*Official Representative for Company.

**BOARD OF DIRECTORS 1968-69**

C. A. Albini

McGraw-Edison of Canada Ltd.,  
3595 St. Clair Ave. E.,  
Scarborough, Ont.

\*B. W. Ball

President,  
Federal Pacific Electric of Canada,  
19 Waterman Avenue,  
Toronto 16, Ont.

R. L. Cliff

President,  
British Columbia Transformer Co.  
1740 One Bentall Centre,  
505 Burrard St.,  
Vancouver 1, B.C.

29414-8½

[Interprétation]

**ANNEXE B****CANADIAN ELECTRICAL MANUFACTURERS ASSOCIATION****COMITÉ EXÉCUTIF DU CONSEIL D'ADMINISTRATION**

Président: \*K. H. Rapsey, président, Allen-Bradley Canada Ltd., 135, rue Dundas, Galt, Ontario.

1<sup>er</sup> Vice-président: \*T. A. Lindsay, président, Phillips Cable Ltd., rue King ouest, Brockville, Ontario.

2<sup>e</sup> Vice-président: W. G. Ward, vice-président exécutif et gérant général, Power Utilities Division, Canadian General Electric Co., 1900 est, avenue Eglinton, Scarborough, Ontario.

3<sup>e</sup> Vice-président: K. C. Hague, gérant général, Electrical Division, Canron Limited, 160, rue St-Joseph, Montréal 32, P.Q.

Membres: \*J. H. Stevens, président, Canada Wire & Cable Co. Ltd., Station «R», Toronto 17, Ontario.

J. G. Little, vice-président exécutif, Northern Electric Co. Ltd., Boîte postale 6123, Montréal, P.Q.

\*W. J. Cheesman, président, Canadian Westinghouse Co. Ltd., Boîte postale 510, Hamilton, Ontario.

Trésorier: \*C. F. Graham, président, Crouse-Hinds Co. of Canada, 1160, chemin Birchmount, Scarborough, Ontario.

Secrétaire: \*C. R. Verrier, président, Square D Company Canada Ltd., 120, rue Industry, Toronto 15, Ontario.

Président précédent: R. M. Barford, président, General Steel Wares Ltd., Boîte postale 426, Terminal «A», Toronto 1, Ontario.

\*Représentants officiels de leurs compagnies.

**CONSEIL D'ADMINISTRATION 1968-1969**

C. A. Albini

McGraw-Edison of Canada Ltd., 3595 est, avenue St. Clair, Scarborough, Ontario.

\*B. W. Ball

président, Federal Pacific Electric of Canada, 19, avenue Waterman, Toronto 16, Ontario.

R. L. Cliff

président, British Columbia Transformer Co., 1740 One Bentall Centre, 505, rue Burrard, Vancouver 1, C.-B.



## [Text]

- \*J. C. Cooper  
President,  
Moffats Limited,  
Gibson & Wright Avenues,  
Weston, Ont.
- \*R. J. Geleziunas  
General Manager,  
CEB Limited,  
950 Warden Avenue,  
Scarborough, Ont.
- \*F. R. Johnson  
Vice President,  
General Steel Wares Limited,  
Box 426, Terminal "A",  
Toronto 1, Ont.
- \*Y. L'Heureux  
President,  
Hupp Canada (1961) Ltd.,  
L'Assomption, P.Q.
- \*H. A. Martin  
Executive Vice President,  
Smith & Stone Limited,  
50 St. Clair Ave. West,  
Toronto 7, Ont.
- \*I. Y. Morrison  
President,  
Pyle-National (Canada) Ltd.,  
2560 South Sheridan Way,  
Clarkson, Ont.
- J. Newell  
Vice President,  
Canadian Westinghouse Co. Ltd.,  
P.O. Box 510,  
Hamilton, Ont.
- \*H. Nuttall  
President,  
John Inglis Co. Ltd.,  
14 Strachan Avenue,  
Toronto 3, Ont.
- D. D. Panabaker  
Secretary-Treasurer,  
Otis Elevator Co. Ltd.,  
414 Victoria St. North,  
Hamilton, Ont.
- \*R. A. Phillips  
President,  
Heron Cable Industries Ltd.,  
1 Adam St.,  
Kitchener, Ont.
- \*T. G. Quance  
Managing Director,  
McGraw-Edison of Canada Ltd.,  
3595 St. Clair Ave. East,  
Scarborough, Ont.
- \*D. Sprague  
President,  
James B. Carter Limited,  
P.O. Box 963,  
Osborne & Mulvey Avenues,  
Winnipeg 13, Man.

## [Interpretation]

- \*J. C. Cooper  
président, Moffats Limited, Avenues Gib-  
son et Wright, Weston, Ontario.
- \*R. J. Geleziunas  
gérant général, CEB Limited, 950, avenue  
Warden, Scarborough, Ontario.
- \*F. R. Johnson  
vice-président, General Steel Wares  
Limited, Boîte postale 426, Terminal «A»,  
Toronto 1, Ontario.
- \*Y. L'Heureux  
président, Hupp Canada (1961) Ltd.,  
L'Assomption, P.Q.
- \*H. A. Martin  
vice-président exécutif, Smith & Stone  
Limited, 50 ouest, avenue St. Clair, To-  
ronto 7, Ontario.
- \*I. Y. Morrison  
président, Pyle-National (Canada) Ltd.,  
2560 South Sheridan Way, Clarkson, On-  
tario.
- J. Newell  
vice-président,  
Canadian Westinghouse Co. Ltd., Boîte  
postale 510, Hamilton, Ontario.
- \*H. Nuttall  
président, John Inglis Co. Ltd., 14, avenue  
Strachan, Toronto 3, Ontario.
- D. D. Panabaker  
secrétaire-trésorier, Otis Elevator Co.  
Ltd., 414 nord, rue Victoria, Hamilton,  
Ontario.
- \*R. A. Phillips  
président, Heron Cable Industries Ltd.,  
1, rue Adams, Kitchener, Ontario.
- \*T. G. Quance  
directeur-gérant, McGraw-Edison of Ca-  
nada Ltd., 3595 est, avenue St. Clair,  
Scarborough, Ontario.
- \*D. Sprague  
président, James B. Carter Limited, Boîte  
postale 963, Avenues Osborne et Mulvey,  
Winnipeg 13, Manitoba.

## [Texte]

J. E. Thomas

Vice President, Sales,  
Phillips Cables Ltd.  
King St. West,  
Brockville, Ont.

J. H. Smith

President,  
Canadian General Electric Co. Ltd.,  
214 King St. West,  
Toronto 1, Ont.

## [Interprétation]

J. E. Thomas

vice-président, ventes, Phillips Cable Ltd.,  
rue King ouest, Brockville, Ontario.

J. H. Smith

président, Canadian General Electric Co.  
Ltd., 214 ouest, rue King, Toronto 1,  
Ontario.

[Text]

APPENDIX V

	No Dump Pricing	Example No. 1 of Dump Foreign Pricing		Example No. 2 of Dump Incremental Costing and Pricing	
Fair Market Value FMV— In Country of Origin.....	\$ 100	100	100	100	100
Normal Value.....	\$ 90	90	90	90	90
Export Price.....	\$ 90	70	70	50	50
Margin of Dumping— Normal Value—Export Price.....	\$ 0	20	20	40	40
Anti-Dumping Duty.....	\$ 0	0 <i>If Not Injury</i>	20 <i>With Injury Finding</i>	0 <i>If Not Injury</i>	40 <i>With Injury Finding</i>
Rate of Duty— Under Canadian Customs Tariff (Say)..	15%	15%	15%	15%	15%
Import Duty.....	\$ 15	15	15	15	15
Landed Cost.....	\$ 105	85 <i>Lost Order</i>	105	65 <i>Lost Order</i>	105

CEMA  
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[Interpretation]

APPENDICE V

(Canadian Electrical Manufacturers' Association)

	Pas de sous- évaluation	Exemple n° 1 de sous-évaluation		Exemple n° 2 de sous-évaluation plus poussée	
Prix raisonnable— dans le pays exportateur.....	\$100	100	100	100	100
Valeur normale.....	\$ 90	90	90	90	90
Prix à l'exportation.....	\$ 90	70	70	50	50
Importance de la sous-évaluation— (Valeur normale—prix à l'exportation)...	\$ 0	20	20	40	40
Droit antidumping.....	\$ 0	0 <i>Sans préjudice</i>	20 <i>Avec preuve de préjudice</i>	0 <i>Sans préjudice</i>	40 <i>Avec preuve de préjudice</i>
Tarif des douanes— Conformément au tarif des douanes canadiennes.....	15%	15%	15%	15%	15%
Droit d'importation.....	\$ 15	15	15	15	15
Prix final au pays.....	\$105	85 <i>Perte de la commande</i>	105	65 <i>Perte de la commande</i>	105



[Texte]

## APPENDIX W

CANADIAN WESTINGHOUSE COMPANY  
LIMITEDW. J. Cheesman  
President

November 11, 1968

Mr. Gaston Clermont, M.P.  
Chairman  
Standing Committee on Finance,  
Trade and Economic Affairs  
House of Commons  
Ottawa, Ontario

Dear Mr. Clermont:

Brief Respecting the  
White Paper on Anti-Dumping

Canadian Westinghouse Company Limited is engaged in the design and production of a wide range of Electrical and Mechanical products for sale in the Canadian market and more than sixty foreign countries.

In 1967 this Company directly employed in Canada the skills of over 10,000 people, with a payroll in excess of \$67 million. Sales last year were about \$200 million representing almost ten percent of the entire Canadian electrical manufacturing industry.

I am please to have this opportunity to make the attached submission to your Committee.

Yours very truly,

attach.

W. J. Cheesman  
November 11, 1968

CANADA'S PROPOSED NEW  
ANTI-DUMPING LAW  
A SUBMISSION TO  
THE HOUSE OF COMMONS  
STANDING COMMITTEE  
ON  
FINANCE, TRADE AND ECONOMIC  
AFFAIRS  
BY  
CANADIAN WESTINGHOUSE  
COMPANY LTD.

*First* In the interest of brevity and to minimize repetition the Company supports

[Interprétation]

## APPENDICE W

Canadian Westinghouse  
Company Limited  
W. J. Cheesman, président

Le 11 novembre 1968

M. Gaston Clermont, M.P.  
Président du  
Comité Permanent des finances,  
du commerce et des questions  
économiques,  
Chambre des Communes  
Ottawa, Ontario.

Cher monsieur Clermont,

Mémoire concernant le  
*Livre Blanc sur l'Anti-Dumping*

La Compagnie Canadian Westinghouse Company Limited est engagée dans la conception et la production d'une large variété de produits Électriques et mécaniques, destinés à la vente sur le marché canadien et dans plus de soixante pays étrangers.

En 1967 cette Compagnie a employé directement au Canada les aptitudes de plus de 10,000 personnes, pour un montant de salaires dépassant \$67 millions. Les ventes, au cours de l'année dernière, ont atteint approximativement \$200 millions, ce qui représente près de dix pourcent de la totalité de l'industrie canadienne de fabrication de produits électriques.

Je suis heureux d'avoir l'occasion de présenter, à votre comité, le mémoire ci-joint.

Je vous prie de croire à l'expression de mes respectueuses salutations.  
Pièce jointe

W. J. Cheesman  
Le 11 novembre 1968

PROPOSITION DE NOUVELLE LOI  
CANADIENNE SUR ANTI-DUMPING  
MÉMOIRE PRÉSENTÉ AU  
COMITÉ PERMANENT DES FINANCES  
DU COMMERCE  
ET  
DES QUESTIONS ÉCONOMIQUES  
PAR  
CANADIAN WESTINGHOUSE  
COMPANY LIMITED

*Premièrement* Dans l'intérêt de la brièveté et pour tenir les répétitions au minimum, la

*[Text]*

the submission to your Committee prepared by the Canadian Electrical Manufacturers Association, of which it is a member.

*Second* The Company has been, and hopes to continue to be, a profitable part of the electrical manufacturing industry and Canadian secondary industry and will develop and follow policies of growth providing the business climate in Canada is one that is conducive to confidence in the future of this industry. One essential element of this confidence must be the attitude of Government to foreign dumping into Canada.

*Third* The proposed Anti-Dumping Act appears to meet the needs of Canadian production businesses on the one hand and yet provides Canadian customers with adequate assurance that Canadian production of like goods will be competitive. Therefore, we ask that the current problem of injurious dump competition in several production segments of the industry be corrected through prompt and vigorous action by Government administrative departments and by the Tribunal as quickly as possible after the proposed Act becomes law.

*Fourth* The Company has been, and is currently, an employer of a large and varied group of skills in design, manufacturing, marketing and management. The mix of these skills is constantly changing as technological changes to meet the needs of customers are foreseen. Only with an environment conducive to growth in new products will there be a steady demand, let alone an increase in demand, for the more highly educated people about to enter Canada's work force. The Company submits that unless this industry, and secondary industry in general, is accorded adequate support under this proposed Act, there will be no incentive to take the financial risks inherent in developing new products and thus establishing increased opportunity for all kinds of new skilled employment for Canadians.

*Fifth* There has been a great deal said about the "efficiency" and the "productivity" of secondary industry. While the Company agrees that there is an apparent productivity gap between Canada and the U.S. for second-

*[Interpretation]*

Compagnie soutient le mémoire présenté à votre Comité par l'Association Canadienne des Fabricants de Matériel Electrique, dont elle est membre.

*Deuxièmement* La Compagnie est, et espère continuer à être, un élément profitable de l'industrie de fabrication de matériel électrique et de l'industrie secondaire canadienne et entend mettre au point et suivre des politiques d'expansion, dans la mesure où le climat des affaires, au Canada, est tel qu'il engendre la confiance dans le futur de cette industrie. Un facteur essentiel de cette confiance doit être l'attitude du Gouvernement envers le dumping étranger au Canada.

*Troisièmement* Le Projet de Loi Anti-Dumping semble, d'une part, répondre aux besoins des entreprises canadiennes de production et donner, de plus, à la clientèle canadienne une assurance suffisante que la production canadienne de marchandises semblables sera compétitive. Par conséquent, nous demandons que le problème actuel de la concurrence préjudiciable, qu'entraînent les pratiques de dumping dans plusieurs segments de production de l'industrie, soit résolu par une action prompte et vigoureuse de la part des services Gouvernementaux et du Tribunal, aussi rapidement que possible après l'entrée en vigueur de la loi proposée.

*Quatrièmement* La Compagnie a été, et est toujours, l'employeur d'une large variété de spécialités techniques dans tous les domaines de conception, de fabrication, de commercialisation et de gestion. L'amalgame de ces spécialités techniques se modifie continuellement au fur et à mesure que les changements technologiques, destinés à répondre aux besoins de la clientèle, sont prévus. Uniquement dans une atmosphère favorable à l'expansion des nouveaux produits, y aura-t-il une demande stable, sinon une augmentation de la demande, pour les personnes de niveau d'instruction supérieur qui s'apprêtent à entrer sur le marché canadien du travail. La Compagnie émet l'opinion qu'à moins que cette industrie, ainsi que l'industrie secondaire en général, se voit accorder un soutien adéquat en vertu de ce projet de loi, il n'y aura aucun intérêt à prendre les risques financiers qui sont inhérents à la mise au point des nouveaux produits et, par là même, à élargir, pour les Canadiens, l'accès à de nouveaux emplois spécialisés.

*Cinquièmement* Il a été dit beaucoup de choses au sujet du «rendement» et de la «productivité» de l'industrie secondaire. Bien que la Compagnie convienne qu'il existe une différence apparente de productivité entre le

*[Texte]*

ary manufacturing as a whole, there are many production segments of this industry where our studies have shown productivity to be equivalent to or higher than U.S. comparable production, providing relative price levels are factored into the comparison. We submit that in dealing with anti-dumping legislation and finding of injury to production, there is a need to recognize that growth in Canadian production through strong viable manufacturing enterprise is a major key to a sounder Canadian economy. In short, while this Act must honour commitments made by Canada to the GATT, it should also, and equally strongly, provide a commitment to Canadian production enterprises that injury to production caused by dumping will be prevented efficiently and promptly.

The company is prepared to appear before the Committee, at its pleasure, to discuss this Brief, or any matter required by the Committee, which may be helpful in its study of the proposed Anti-Dumping legislation.

*[Interprétation]*

Canada et les États-Unis, en ce qui concerne l'industrie secondaire de fabrication en général, il existe néanmoins de nombreux segments de production de cette industrie pour lesquels nos études ont révélé que la productivité se situait à un niveau égal ou supérieur à celle de la production comparable aux États-Unis, compte tenu des niveaux relatifs des prix. Nous estimons, qu'en ce qui concerne la législation anti-dumping et la détermination du préjudice à la production, il est nécessaire de reconnaître que l'expansion de la production canadienne, par l'intermédiaire d'une entreprise de fabrication forte et rentable, est un facteur essentiel à une économie canadienne plus saine. En bref, bien que cette loi doive honorer les engagements pris par le Canada vis-à-vis du GATT, elle doit également, et de manière tout aussi forte, constituer l'assurance, pour les entreprises canadiennes de production, que le préjudice causé par le dumping sera évité efficacement et promptement.

La Compagnie est prête à se présenter devant le Comité, à sa discrétion, pour discuter de ce mémoire ou de tout autre sujet que le Comité désirerait et qui pourrait lui être utile dans son étude de la législation Anti-Dumping proposée.



[Text]

**APPENDIX X****CANADIAN GENERAL ELECTRIC  
COMPANY LIMITED**

November 8, 1968

Mr. Gaston Clermont, Chairman,  
Standing Committee on Finance, Trade,  
and Economic Affairs,  
House of Commons,  
Ottawa, Ontario.

Dear Mr. Clermont:

We in Canadian General Electric Company would like to take advantage of the invitation to file a short statement with your Committee, relating to the White Paper on Anti-dumping.

Canadian General Electric Company Limited believes in the concept of fair and equitable international trade with the fewest possible hidden restrictions against the movement of goods across international borders. Thus our Company supports the work that is being done by the Government of Canada to promote international trade. Our success in the export market in recent years has reinforced our conviction that in many areas of the electrical industry we can match the productivity of competitors in other countries of the western world. It is in this perspective that we have reviewed with very great interest the Document tabled by the Honourable E. J. Benson, Minister of Finance, on September 20th. In our opinion, the proposals are consistent with the Code adopted by the major trading nations during the Kennedy Round negotiations and, at the same time, make provisions for the safeguarding of Canadian industry against those unfair practices which are condemned in Article VI of the General Agreement on Tariffs and Trade.

Because of our experience in the export field we are very aware of the need of effective anti-dumping legislation to ensure a condition of open and fair competition in international trade. Protection against unfair international trading practices is a necessary condition to long-range planning and expansion and to the providing of wider employment opportunities by Canadian General Electric.

[Interpretation]

**APPENDICE X****COMPAGNIE GÉNÉRALE ÉLECTRIQUE DU  
CANADA LIMITÉE**

Le 8 novembre 1968

Monsieur Gaston Clermont  
Président du Comité Permanent  
des Affaires Financières,  
Commerciales et Économiques  
Chambre des Communes  
Ottawa, Ontario.

Monsieur le Président,

Nous aimerions profiter de l'occasion offerte à la Canadian General Electric Company de déposer une courte déclaration auprès de votre Comité en ce qui concerne le Livre blanc sur l'antidumping.

La Canadian General Electric Company Limited est partisane d'un commerce international juste et équitable dont les restrictions dissimulées prises envers le mouvement de marchandises au-delà des frontières soient réduites au minimum. C'est pourquoi notre Compagnie est favorable au travail qu'accomplit le Gouvernement du Canada pour stimuler le commerce international. Les succès que nous avons remportés au cours de ces dernières années sur le marché des exportations, ont contribué à renforcer nos convictions. En effet, dans certains domaines de l'industrie électrique, nous pouvons faire face à la productivité des concurrents d'autres pays du monde occidental et c'est dans cet esprit que nous avons étudié, avec un immense intérêt, le document déposé par l'honorable E. J. Benson, ministre des Finances, le 20 septembre dernier. À notre avis, les projets sont conformes au code adopté par les grandes nations commerçantes pendant la période des négociations Kennedy et, en même temps, on y trouve les réserves nécessaires à la sauvegarde de l'industrie canadienne afin de la protéger contre les pratiques déloyales condamnées dans l'article VI de la Convention Générale sur les Tarifs et le Commerce.

Étant donné l'expérience que nous possédons dans le domaine de l'exportation, nous n'ignorons pas la nécessité pressante d'une loi antidumping efficace, apte à encourager une concurrence loyale en matière de commerce internationale. La protection contre les pratiques commerciales internationales déloyales est une condition nécessaire pour que Canadian General Electric puisse se livrer à l'exécution de son programme d'élaboration et

[Texte]

We are concerned that an emerging pattern of foreign competition, specifically in the heavy electrical equipment field, indicates that many of our foreign counterparts have excess production capacity. The utilization of this excess capacity and the need to liquidate fixed costs makes incremental volume profitable at virtually any price. This is particularly true in those countries which utilize tax structures and other devices to accomplish the dual purpose of stimulating exports and protecting their home industries. One such device is to encourage arrangements between domestic producers and government-owned utilities to make profitable the supply of equipment for export at prices substantially lower than those for similar equipment in the home market.

In the interests of fair play in international trade in the heavy electrical business, we therefore recommend that your Committee endorse the White Paper and that any Bill presented to Parliament should essentially contain all the recommendations.

If it is the desire of your Committee, we would be pleased to attend one of the regular hearings for further discussion.

Respectfully submitted,

J. H. Smith  
President.

[Interprétation]

d'expansion à long terme, et à la création d'emplois nouveaux dans de plus amples proportions.

Nous n'ignorons pas l'aspect que prend actuellement la concurrence étrangère, particulièrement en ce qui concerne l'équipement électrique lourd, et nous savons aussi que nombreux sont nos concurrents étrangers qui ont outrepassé leur capacité de production. L'utilisation de cet excédent et la nécessité de liquider les frais fixes, rend l'accroissement du volume profitable et, virtuellement, à n'importe quel prix. Ceci est particulièrement vrai dans ceux des pays qui s'appuient sur les structures fiscales et autres principes pour atteindre un double objectif qui consiste d'une part à stimuler les exportations et d'autre part à protéger leur industrie nationale. Un de ces principes consiste à encourager les accords intervenus entre les producteurs nationaux et les entreprises de services publics, afin de rendre profitable la fourniture d'équipement pour l'exportation, à des prix substantiellement inférieurs à ceux d'un équipement semblable vendu sur le marché national.

Dans l'intérêt d'un commerce international loyal en ce qui concerne l'équipement électrique lourd, nous recommandons en conséquence, que votre Comité sanctionne le Livre blanc et que tout Bill présenté au Parlement contienne essentiellement toutes les recommandations.

Nous nous tenons à la disposition de votre Comité pour assister à l'une de ses sessions régulières afin de discuter plus amplement de la question.

Je demeure, monsieur le Président, respectueusement vôtre.

J. H. Smith  
Président







This official bilingual edition contains the speeches as delivered in the English or French language in the left-hand column of each page of Evidence. The right-hand column of each page of Evidence utilizes the oral translations rendered by Simultaneous Interpreters with minor necessary revisions only. For the Minutes of Proceedings, the English text appears in the left-hand column and the French text or Translation on the right.

The purpose of this format is to make available the Minutes of Proceedings and Evidence in both languages in the same edition.

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Le but de cette formule est d'accélérer la publication des procès-verbaux et témoignages dans les deux langues dans la même édition.

Cette édition peut être obtenue de l'Imprimeur de la Reine.

*Le Greffier de la Chambre,*

ALISTAIR FRASER,

*Clerk of the House.*

OFFICIAL BILINGUAL ISSUE  
(see panel on back cover)

HOUSE OF COMMONS

First Session

Twenty-eighth Parliament, 1968

STANDING COMMITTEE  
ON

FINANCE, TRADE  
AND  
ECONOMIC AFFAIRS

Chairman: Mr. Gaston Clermont

MINUTES OF PROCEEDINGS  
AND EVIDENCE

No. 12

TUESDAY, NOVEMBER 26, 1968

Respecting

White Paper on Anti-dumping

Witnesses:

*Representing the Canadian Importers Association:* Messrs. Murray E. Corlett, Q.C.; Karl Bald; K. G. Dixon; A. H. Behrens and A. T. Baylay. *Representing the Electronics Industries Association of Canada:* Messrs. R. A. Phillips; R. G. Sukloff; J. G. Sutherland; W. R. Longstaffe; E. J. Gareau. *Representing the Society of the Plastics Industry of Canada:* Messrs. E. G. Salmond; E. L. Littlejohn; L. Love; J. Mitchell. *And also:* M. A. R. Hind, Assistant Deputy Minister, Department of National Revenue (Customs and Excise); R. Y. Grey, Assistant Deputy Minister, and C. D. Arthur, International Economics Relation Division, both of the Department of Finance.

FASCICULE BILINGUE OFFICIEL  
(voir au verso du fascicule)

CHAMBRE DES COMMUNES

Première session de la

vingt-huitième législature, 1968

COMITÉ PERMANENT  
DES

FINANCES, DU COMMERCE  
ET DES  
QUESTIONS ÉCONOMIQUES

Président: M. Gaston Clermont

PROCÈS-VERBAUX ET  
TÉMOIGNAGES

N° 12

RÉUNION DU  
MARDI 26 NOVEMBRE 1968

Concernant

Le Livre blanc sur l'antidumping

Témoins:

*Représentant l'Association des importateurs canadiens:* MM. Murray E. Corlett, c.r.; Karl Bald; K. G. Dixon; A. H. Behrens et A. T. Baylay. *Représentant l'Electronics Industries Association of Canada:* MM. R. A. Phillips; R. G. Sukloff; J. G. Sutherland; W. R. Longstaffe; E. J. Gareau. *Représentant la Société des manufacturiers canadiens d'articles en matière plastique:* MM. E. G. Salmond; E. L. Littlejohn; L. Love; J. Mitchell. *Et aussi:* M. A. R. Hind, sous-ministre adjoint, ministère du Revenu national (Douanes et Accise); M. R. Y. Grey, sous-ministre adjoint, et M. C. D. Arthur, Division des relations économiques internationales, tous deux du ministère des Finances.

ROGER DUHAMEL, F.R.S.C.  
Queen's Printer and Controller of Stationery  
Imprimeur de la reine et contrôleur de la papeterie  
Ottawa, 1968



STANDING COMMITTEE ON  
FINANCE, TRADE  
AND  
ECONOMIC AFFAIRS

*Chairman:* Mr. Gaston Clermont

*Vice-Chairman:* Mr. Alastair Gillespie

and Messrs.

Blair,  
Burton,  
Comtois,  
Danson,  
Downey,  
Énard,  
Flemming,

Gauthier,  
Gillespie,  
Gray,  
Hales,  
Harkness,  
Howard (*Okanagan  
Boundary*),

COMITÉ PERMANENT DE LA  
FINANCE, DU COMMERCE  
ET DES  
QUESTIONS ÉCONOMIQUES

*Président:* M. Gaston Clermont

*Vice-président:* M. Alastair Gillespie

et MM.

Lambert (*Edmonton  
West*),  
Latulippe,  
Portelance,  
Roberts,  
Saltsman,  
Trudel—(20)

*La secrétaire du comité,*  
Dorothy F. Ballantine,  
*Clerk of the Committee.*

(Text)

## MINUTES OF PROCEEDINGS

TUESDAY, November 26, 1968.  
(18)

The Standing Committee on Finance, Trade and Economic Affairs met at 11.08 a.m. this day, the Chairman, Mr. Clermont, presiding.

*Members present:* Messrs. Clermont, Danson, Downey, Emard, Flemming, Gillespie, Gray, Hales, Lambert (*Edmonton West*), Portelance, Roberts, Saltsman, Trudel—(13).

*Also present:* Mr. Ritchie.

*In attendance: Representing the Canadian Importers Association:* Messrs. Murray E. Corlett, Q.C., Legal Counsel; Karl Bald, President; Keith G. Dixon, General Manager; A. H. Behrens, and A. T. Baylay, Directors.

*Also in attendance: From the Department of National Revenue (Customs and Excise):* Messrs. A. R. Hind, Assistant Deputy Minister; M. T. Keam, Director, Customs Appraisal Division; H. D. MacDermid, Chief, Valuation Section. *From the Department of Finance:* C. D. Arthur, International Economics Relation Division. *From the Department of Industry:* V. R. St. Louis, Office of Industrial Relations; *From the Department of Trade and Commerce:* C. J. Kelly, Office of Area Relations.

The Committee resumed consideration of the White Paper on Anti-Dumping.

The representatives of the Canadian Importers Association were called and introduced, and at the request of the Chairman, Mr. Corlett summarized the Association's brief.

The Committee studied the brief section by section and Messrs. Corlett, Bald, Baylay, Behrens, Dixon, Arthur and Hind answered questions.

The questioning having been concluded, the Chairman thanked the witnesses, who then withdrew.

(Traduction)

## PROCÈS-VERBAUX

Le MARDI 26 novembre 1968  
(18)

Le Comité permanent des finances, du commerce et des questions économiques se réunit ce matin à 11 h. 08, sous la présidence de M. Clermont.

*Présents:* MM. Clermont, Danson, Downey, Émard, Flemming, Gillespie, Gray, Hales, Lambert (*Edmonton-ouest*), Portelance, Roberts, Saltsman, Trudel—(13).

*Aussi présent:* M. Ritchie.

*Et aussi: De l'Association des importateurs canadiens:* MM. Murray E. Corlett, c.r., conseiller juridique; Karl Bald, président; Keith G. Dixon, gérant général; A. H. Behrens et A. T. Baylay, directeurs.

*Et aussi: Du ministère du Revenu national (Douanes et Accise):* MM. A. R. Hind, sous-ministre adjoint; M. T. Keam, directeur, division de l'appréciation (douanes); H. D. MacDermid, chef de la section de l'évaluation. *Du ministère des Finances:* M. C. D. Arthur, division des relations économiques internationales. *Du ministère de l'Industrie:* M. V. R. St. Louis, bureau des relations industrielles; *Du ministère du Commerce:* M. C. J. Kelly, bureau des relations régionales.

Le Comité reprend l'examen du Livre blanc sur l'antidumping.

On présente les représentants de l'Association des importateurs canadiens et, à la demande du président, M. Corlett résume le mémoire de l'Association.

Le Comité étudie le mémoire, paragraphe par paragraphe, et MM. Corlett, Bald, Baylay, Behrens, Dixon, Arthur et Hind répondent aux questions.

L'interrogatoire terminé, le président remercie les témoins qui se retirent alors.

In accordance with the resolution of October 24, 1968, the brief of the Importers Association is attached as *Appendix Y*.

At 1.25 p.m., the Committee adjourned until 3.30 p.m. this afternoon.

#### AFTERNOON SITTING (19)

The Committee resumed at 3:45 p.m., the Chairman, Mr. Clermont, presiding.

*Members present:* Messrs. Clermont, Danson, Downey, Emard, Flemming, Gillespie, Gray, Hales, Harkness, Latulippe, Portelance, Saltsman, Trudel—(13).

*In attendance:* Representing the *Electronics Industries Association of Canada*: Messrs. R. A. Phillips, President and Chairman of the Board; R. G. Sukloff, Chairman of Tariff Advisory Committee; J. G. Sutherland, Vice-President and Chairman of Electronics Division; W. R. Longstaffe, Vice-Chairman, Components Division; E. J. Gareau, Electronic Tube and Semiconductor Committee; Cowan Harris, General Manager and Secretary.

*Also in attendance:* The same government officials as were present at the morning sitting.

The representatives of the *Electronics Industries Association* were called and introduced. At the request of the Chairman, Mr. Phillips made a brief statement summarizing the brief.

A general question period followed during which Messrs. Phillips, Longstaffe, Gareau, Sutherland, Sukloff, Hind and Arthur answered questions.

In accordance with the resolution of October 24, 1968, the brief of the *Electronics Industries Association* is attached as *Appendix Z*.

The questioning having been concluded, the Chairman thanked the witnesses who were permitted to retire.

At 6:15 p.m. the Committee adjourned until 8:00 p.m. this day.

En ce qui a trait à la résolution du 24 octobre 1968, le mémoire de *Importers Association* apparaît comme l'*appendice Y*.

A 1 h. 25 de l'après-midi, le Comité s'ajourne jusqu'à trois heures trente, ce même après-midi.

#### SÉANCE DE L'APRÈS-MIDI (19)

Le Comité se réunit cet après-midi à 3 h. 45 sous la présidence de M. Clermont.

*Présents:* MM. Clermont, Danson, Downey, Émard, Flemming, Gillespie, Gray, Hales, Harkness, Latulippe, Portelance, Saltsman, Trudel—(13).

*Aussi présents:* Représentant l'*Electronics Industries Association of Canada*: MM. R. A. Phillips, président et président du Conseil d'administration; R. G. Sukloff, président du comité consultatif sur les tarifs; J. G. Sutherland, vice-président et président de la division de l'électronique; W. R. Longstaffe, vice-président, division des pièces; E. J. Gareau, comité des tubes électroniques et des semi-conducteurs; Cowan Harris, gérant général et secrétaire.

*Et aussi:* Les mêmes hauts-fonctionnaires du gouvernement que ce matin.

Les représentants de l'*Electronics Industries Association* sont présentés aux membres du Comité, et, à la demande du président, M. Phillips parle compendieusement du mémoire de son association.

Suit une période générale de questions au cours de laquelle, MM. Phillips, Longstaffe, Gareau, Sutherland, Sukloff, Hind et Arthur répondent aux questions.

Conformément à la résolution du 24 octobre 1968, le mémoire de l'*Association* figurera en appendice. (Voir *appendice Z*).

Le président remercie ensuite les témoins qui se retirent.

A 6 h. 15 du soir, le Comité s'ajourne jusqu'à huit heures le même jour.



EVENING SITTING  
(20)

The Committee resumed at 8:14 p.m., the Chairman, Mr. Clermont presiding.

*Members present:* Messrs. Clermont, Danson, Downey, Émard, Flemming, Gillespie, Gray, Hales, Harkness, Lambert (*Edmonton West*), Latulippe, Portelance, Trudel—(13).

*In attendance: Representing the Society of the Plastics Industry of Canada:* Messrs. E. G. Salmond, Manager; E. L. Littlejohn, Chairman of the Board; L. Love, Midland Industries Ltd.; John Mitchell, Dupont of Canada Ltd.

*Also in attendance:* The same government officials as at the morning and afternoon sittings except that Mr. R. Y. Grey, Assistant Deputy Minister of Finance, replaced Mr. Arthur.

The representatives of the Society of the Plastics Industry were introduced by the Chairman and Mr. Salmond made a brief opening statement.

During the questioning which followed, Messrs. Salmond, Mitchell, Love, Littlejohn, Grey and Hind answered questions. The Society's brief is attached hereto as *Appendix AA*.

The questioning having been concluded, the Chairman thanked the witnesses who then withdrew.

At 9:30 p.m. the Committee adjourned until 9:30 a.m. on Thursday, November 28, 1968.

SÉANCE DU SOIR  
(20)

Le Comité reprend ses travaux à 8 h. 14 du soir, sous la présidence de M. Clermont.

*Présents:* MM. Clermont, Danson, Downey, Émard, Flemming, Gillespie, Gray, Hales, Harkness, Lambert (*Edmonton-ouest*), Latulippe, Portelance, Trudel—(13).

*Aussi présents: Représentant la Société des manufacturiers canadiens d'articles en matière plastique:* MM. E. G. Salmond, gérant; E. L. Littlejohn, président du conseil d'administration; L. Love, Midland Industries Ltd.; John Mitchell, Dupont du Canada.

*Et aussi:* Les mêmes hauts fonctionnaires du gouvernement que ce matin et cet après-midi, sauf que M. R. Y. Grey, sous-ministre adjoint des Finances, remplace M. Arthur.

Le président présente les représentants de la Société des manufacturiers canadiens d'articles en matière plastique et M. Salmond fait un bref exposé.

Suit un période de questions, au cours de laquelle MM. Salmond, Mitchell, Love, Littlejohn, Grey et Hind répondent à des questions. Le mémoire de la Société figure à l'*appendice AA*.

L'interrogatoire terminé, le président remercie les témoins qui se retirent alors.

A 9 h. 30 du soir, le Comité s'ajourne jusqu'à 9 h. 30 du matin, le jeudi 28 novembre 1968.

*La secrétaire du Comité,*  
Dorothy F. Ballantine,  
*Clerk of the Committee.*



[Text]

## EVIDENCE

(Recorded by Electronic Apparatus)

Tuesday, November 26, 1968.

● 1107

**The Chairman:** Gentlemen, before we proceed with the submission before us, may I say I received an invitation from the Minister of Trade and Commerce to visit their headquarters. The day suggested is next week and I have accepted the invitation on your behalf. However, no definite date has been settled because it depends on when we finish with the White Paper. Yes, Mr. Lambert?

**Mr. Lambert (Edmonton West):** Mr. Chairman, might I suggest that we put first things first. We have a terribly close deadline with regard to the report on this particular matter. I am also terribly involved with Procedures of the House Committee because it is also close to the deadline and they are all next week so...

**The Chairman:** But your deadline for procedure is not December 1?

**Mr. Lambert (Edmonton West):** Yes, but do not worry about it because there are a number of other things.

**The Chairman:** I am not worried because there is no definite date Mr. Lambert, but I thought the members will enjoy such a visit.

**Mr. Lambert (Edmonton West):** Could we postpone it until some time after December 10?

**Mr. Gray:** Mr. Chairman, I would prefer Mr. Lambert's suggestion. I would think it would be very useful for us to have a chance to visit the headquarters of the Department of Trade and Commerce and have informal meetings with some of the top people there. However, I think we should defer this until we complete our consideration of the White Paper.

[Interpretation]

## TÉMOIGNAGES

(Enregistrement électronique)

[Interprétation]

**Le président:** Messieurs, avant que nous ne passions à l'étude des mémoires qui nous sont présentés, je dois vous dire que le ministre du Commerce nous a invités à aller visiter leur bureau central la semaine prochaine, et que j'ai accepté l'invitation en votre nom. Toutefois, aucune date précise n'a été fixée, car tout dépendra du moment auquel nous finirons d'étudier le Livre blanc. Oui, monsieur Lambert?

**M. Lambert:** Monsieur le président, il me semble que nous devrions commencer par ce qui est le plus important. La date limite fixée pour la présentation de notre rapport sur cette question particulière est extrêmement proche. Je suis aussi extrêmement occupé par le Comité de la procédure de la Chambre, pour lequel la date limite est également proche, et tout cela est fixé pour la semaine prochaine, donc...

**Le président:** Mais, la date limite fixée pour le Comité de la procédure n'est-elle pas le 1<sup>er</sup> décembre?

**M. Lambert:** Si, mais cela ne fait rien, car nous avons pas mal d'autres choses à faire.

**Le président:** Je ne m'inquiète pas parce qu'il n'y a pas de date précise pour cette visite, monsieur Lambert, mais j'ai pensé que les membres seraient heureux d'aller faire cette petite visite.

**M. Lambert:** Pourrions-nous remettre cela à une date postérieure au 10 décembre?

**M. Gray:** Monsieur le président, je suis de l'avis de M. Lambert. Je pense qu'il nous serait très utile d'aller visiter le bureau du ministre du Commerce et de nous entretenir avec certains de leurs fonctionnaires supérieurs. Mais il me semble que nous devrions attendre d'en avoir fini avec notre examen du Livre blanc.



[Text]

**The Chairman:** Thank you Mr. Gray. Any other comments gentlemen on that proposed visit to the headquarters of the Department of Trade and Commerce? If not, gentlemen, we have before us the submission from the Canadian Importers Association Inc. I have on my right, Mr. Murray E. Corlett, Q.C., Legal Counsel and I will ask him to introduce the other members of the delegation.

**Mr. Murray E. Corlett Q.C. (Legal Counsel):** Thank you Mr. Chairman. On my immediate right is the President of the Canadian Importers Association, Mr. Karl Bald; on his right is Mr. Keith Dixon who is General Manager of the Association and on Mr. Dixon's right is Mr. A. H. Behrens, a Director of the Association and around the corner, Mr. A. T. Baylay, a Director of the Association.

**The Chairman:** It is the practice Mr. Corlett, that the head of the delegation or somebody from the delegation make a summary of their brief before the members of the Committee ask questions of the representatives. Mr. Corlett.

• 1110

**Mr. Corlett:** Mr. Chairman, I think the members of the Committee will have received copies of the written representations that we have made. Basically, the Canadian Importers Association is the national association of importers generally in Canada and the present membership is somewhere in the neighbourhood of 640 members.

The Association membership is divided quite evenly amongst three general categories of members. First, there are those engaged in importing activities entirely, straight importers, in other words.

The second category would comprise Canadian manufacturers, who in the course of their business, have to import components and materials and the third category of membership is made up of what I might term service members; firms that service those engaged in the import trades such as the chartered banks, transportation companies, customs brokers, warehousing organizations and that type of group.

Now, I might say that we want to thank the members of the Committee for allowing us to present our views here today because we know that you are operating under—as I would term it—very crowded schedule.

The policy of this Association of course, as the name would suggest, is one that has always advocated freer trade and for many years the Association on occasion has had an opportunity to object to certain non-tariff

[Interpretation]

**Le président:** Merci, monsieur Gray. Messieurs, avez-vous d'autres observations à faire au sujet de cette visite au bureau du ministère du Commerce? Sinon, messieurs, nous allons passer à l'étude du mémoire de l'Association des importateurs canadiens. J'ai à ma droite M. Murray E. Corlett, avocat-conseil, et je vais lui demander de présenter les autres membres de sa délégation.

**M. Murray E. Corlett, c.r., avocat-conseil:** Merci, monsieur le président. Tout de suite à ma droite, le président de l'Association des importateurs canadiens, M. Karl Bald; à sa droite, M. Keith Dixon, directeur général de l'Association; à la droite de M. Dixon, M. A. H. Behrens, membre du conseil d'administration; et, au coin, M. A. T. Baylay, lui aussi membre du conseil d'administration.

**Le président:** Monsieur Corlett, il est d'usage que le chef de la délégation, ou l'un des membres, résume le mémoire avant que les membres du Comité ne posent des questions aux représentants. Monsieur Corlett.

**M. Corlett:** Monsieur le président, je pense que les membres du Comité ont déjà reçu un exemplaire de notre mémoire. Pour commencer, l'Association des importateurs canadiens est l'association nationale des importateurs en général au Canada. Nous avons environ 640 adhérents, qui se répartissent de façon assez égale entre trois catégories générales. D'abord, ceux qui s'occupent uniquement d'importation, autrement dit, les importateurs à proprement parler. La deuxième catégorie est celle des fabricants canadiens qui, pour leur travail, doivent importer des matériaux et des pièces détachées. Quant à la troisième catégorie, elle se compose des groupes qui s'occupent des services au commerce d'importation—par exemple, les banques privilégiées, les compagnies de transport, les agents en douanes, les entreprises d'entreposage, etc.

J'aimerais dire maintenant que nous tenons à remercier les membres du Comité de nous donner cette occasion de présenter nos idées ici aujourd'hui. Vous avez un programme très chargé. La politique de notre association a toujours été, bien sûr, comme le suggère son nom, d'encourager une expansion du libre échange, et, par conséquent, nous avons eu parfois l'occasion, depuis bien des années, de nous opposer à certaines barrières non tari-

## [Texte]

barriers. One of the most notable of these of course was the automatic dumping feature of the Canadian customs tariff law.

Therefore when Canada became signatory to the International Code on Anti-dumping policies in 1967, such a step on the part of the Canadian government was received with unanimous approval by the members of the Association and naturally we are pleased to see that Canada is now, with this current anti-dumping bill attempting to implement its obligations under the wider international agreement.

Generally-speaking we wish to go on record as saying that this Association approves of the steps that the government is taking with reference to this anti-dumping bill. We recognize of course that this is something new for Canada, and certainly it will be new and more onerous for the Canadian customs administration. We feel that other countries have grappled with this problem in the past, notably the United States, and we see no reason why with the calibre of personnel in the Department of National Revenue and the Department of Finance that they cannot do the same thing. Therefore we welcome what the government is doing at the present time.

However, I suppose the purpose of our being here now is to indicate or set forth certain reservations that we have, as an Association, to certain provisions that appear in the anti-dumping bill. They are set out in some detail in our submission and I do not propose to take the time of the Committee to go over every point that is set forth. I would highlight the reservations that we have to the following.

## ● 1115

First of all, clause 37 of the anti-dumping Bill is not technically speaking part of the anti-dumping Bill, it is a consequential amendment arising from the introduction of an anti-dumping bill and will involve repeal of certain valuation provisions presently contained in the Customs Act and it will introduce a new provision in section 6 of the Customs Tariff Act which, as the members know, is the dumping duty section presently in the Customs Tariff Act. However, the basis of the new provision to be known as section 6, subsection 1 (a) of the Customs Tariff Act is to impose a surtax.

Our feeling is that a surtax, after all, is a tax on goods. Although we admit, if Parliament in its wisdom decides to delegate the

## [Interprétation]

fares. L'exemple le plus frappant en a été, bien sûr, l'aspect dumping automatique de la loi du Canada sur le tarif douanier.

Lorsque le Canada est devenu signataire du code international de 1967, une pareille mesure prise par le gouvernement a été accueillie favorablement par l'Association unanime et nous sommes heureux de voir que notre pays, avec l'actuel projet de loi sur l'antidumping, fait un effort pour remplir ses obligations dans le cadre élargi de l'accord international.

Plus généralement, nous voudrions qu'on note que notre association approuve l'action entreprise par le gouvernement quant à ce projet de loi sur l'antidumping. Nous admettons certes que c'est une chose nouvelle pour le Canada, qui alourdira la tâche de l'administration des douanes. Mais si d'autres pays, notamment les États-Unis, se sont colletés autrefois avec ce problème, pourquoi le nôtre, qui dispose, au ministère du Revenu national et à celui des Finances, d'un personnel de qualité, ne pourrait-il en faire autant? Nous approuvons par conséquent l'attitude du gouvernement canadien.

Notre but, en venant ici, est de faire connaître les réserves que nous faisons, en tant qu'association sur certaines dispositions du projet de loi sur l'antidumping. Nous les avons exprimées en détail dans notre mémoire. Je n'ai pas l'intention de faire perdre du temps au Comité pour expliquer tous les points exposés dans le mémoire.

Cependant, je voudrais en tirer les idées principales et vous parler des réserves que nous faisons sur ces dispositions. D'abord, à l'article 37 du projet de loi sur l'antidumping—et cela ne fait pas partie du projet de loi comme tel, car c'est une modification consécutive au Bill. Cependant, celle-ci entraînera l'abrogation de certaines dispositions qui font présentement partie de la Loi sur les douanes, et ajoutera une nouvelle disposition à l'article 6 de la Loi sur les douanes. Comme vous le savez, l'article sur les droits antidumping se trouve actuellement dans la Loi sur les douanes. Cette nouvelle disposition, l'article (6) (i) (a) de la Loi sur les douanes, imposerait une surtaxe.

Nous sommes d'avis qu'une surtaxe est une taxe sur les marchandises, mais nous croyons que, si le Parlement délègue à l'exécutif,



## [Text]

right to impose this tax on the executive, which is the Governor in Council, what Parliament wishes, of course, will have to be met. However, it has always been our view when it comes to imposing what is a tax affecting citizens of the country that the tax wherever possible should be imposed by Parliament itself.

It is our submission that better parliamentary practice requires that the tax, in an endeavour to spell out the rate in some manner, be expressed in the statute itself rather than leaving it wide open. I know that we all have respect for the government administrators, but I think we have to take the position that once this becomes part of the law in Canada it is going to remain with us for a long time.

What is there to prevent, say, in 25 years, more unscrupulous administrators imposing a frightfully arbitrary taxation provision, which as we see it, they would have the right to do, as section 6(1)(a) contained in clause 37 of the Bill is presently worded.

Our second query relates of course to the time limit, namely, this surtax. I might say we know why there has to be provision for a surtax and that the government point of view can be justified under Article XIX of GATT. We do not quarrel with that one bit. However, with respect to this 180-day limitation period members will note that the new provision goes on to say that 180 days will be the limit, unless in the meantime Parliament approves the executive order imposing a surtax at a certain level.

It is our submission, if there is no other way around the wording that has been chosen, at least Parliament should be given some control and should be allowed by a resolution, or whatever technique is acceptable in parliamentary practice, to not only have the right to approve what has been done but also to annul it.

I cite in the brief two examples of emergency statutes, one arising as a result of World War II and the other as a result of the Korean incident, where of necessity the government had to move fast and by executive do rather extraordinary things. However, Parliament retained some modicum of control in that they were allowed either to approve what had been done or to annul it. As clause 37 is worded there is only provision for approval by Parliament.

In other words, Parliament under the present language as we see it appears to have sort of abdicated its right to annul something that has been done. Now I have mentioned that, I am not going to pursue it any further, Mr. Chairman.

## [Interpretation]

c'est-à-dire au gouverneur en conseil, le droit d'imposer cette taxe, les volontés du Parlement doivent être respectées. Nous croyons tout de même que, lorsqu'il s'agit d'imposer une taxe qui affecte les citoyens d'un pays, cette taxe, dans la mesure du possible doit être imposée par le Parlement lui-même. Nous pensons que ce serait une meilleure pratique parlementaire que cette taxe soit définie dans la Loi elle-même, en ce qui concerne les taux, au lieu de laisser la question en suspens. Nous respectons les administrateurs du gouvernement mais nous nous devons de ne pas oublier que, lorsque celle-ci fera partie de la loi canadienne, elle y restera longtemps.

Qu'est-ce qui empêcherait, disons dans 25 ans, un administrateur sans scrupules d'imposer une surtaxe terriblement arbitraire? Nous croyons que l'article 37 du projet de loi, au paragraphe 6 (1) (a) tel qu'il est rédigé actuellement, lui permettrait nettement de le faire.

Notre deuxième point se rattache au délai de cette surtaxe. Nous savons bien pourquoi le gouvernement doit imposer une surtaxe, ce que justifie l'article 19 du GATT. Nous n'avons aucune objection à cela. Cependant, il y a une limite de 180 jours, mais les membres voudront bien noter que la nouvelle disposition prévoit que la période de 180 jours sera la limite, à moins que, dans l'intervalle, le Parlement approuve le décret-loi imposant une surtaxe à un certain niveau.

Nous prétendons que, s'il n'y a pas d'autres manières de rédiger cette loi, le Parlement devrait au moins avoir un certain contrôle, et, au moyen d'une résolution ou par une autre pratique parlementaire quelconque, se réserver le droit, non seulement d'approuver ce qui se fait, mais aussi de l'abroger.

Nous citons dans notre mémoire deux exemples de mesures d'urgence: une qui a été prise à la suite de la Deuxième Guerre mondiale, l'autre à la suite de la guerre de Corée où le gouvernement a dû nécessairement agir avec rapidité et l'exécutif faire des choses extraordinaires; mais le Parlement a conservé un certain contrôle puisqu'il avait le droit, soit d'approuver ce qui avait été fait, soit de l'abroger. D'après l'article 37, le Parlement ne peut qu'approuver les mesures. Le Parlement semble, d'après la terminologie de l'article, avoir renoncé à son droit d'annuler une chose qui a déjà été faite. Cela dit, je ne pousserai pas l'affaire plus loin, monsieur le président.



[Texte]

The second point by way of reservation that we would draw to the attention of the Committee is the matter of ministerial discretion. This, of course, always has been a point in issue. Members will remember that the old wartime Income Tax Act was riddled with instances of ministerial discretion. Largely as a result of that the present Income Tax Act eliminates the presence of ministerial discretion although instances are creeping back in as the years go by. However, as an illustration, the authors of the recent Carter Report took the view that—I have cited a passage from Volume 3 of their Report—unless it is absolutely imperative ministerial discretion should not be used. We have to be realistic, and we know there will be instances of ministerial discretion. However, where it is absolutely necessary it is our view that it should be controlled with certain safeguards. Perhaps I can illustrate one particular view...

• 1120

**Mr. Lambert (Edmonton West):** You can go from this decision to the appeal Tribunal, the Anti-dumping Tribunal, in fact you have to go to the Anti-dumping Tribunal.

**Mr. Corlett:** Let me refer you to...

**The Chairman:** I think Mr. Corlett, if we begin questioning—all right, you may reply to Mr. Lambert.

**Mr. Corlett:** I thought perhaps I could do it more easily, and Mr. Lambert would see what is going through our minds, if I referred to clause 9, subclause (5) of the proposed anti-dumping Bill. In cases of exports made from state-trading countries, there are instances of what I call ministerial discretion. The very end of subclause (5) stipulates that certain enumerated factors

"shall be determined in such manner as the Minister prescribes".

I am not saying that something like this does not have to appear in the Bill. However, we as an association would like to have certain standards that the Minister would apply in making his prescription set forth either in the statute or in the regulations.

Let me illustrate perhaps pointing up the apprehension we have. Mr. Grey of the Department of Finance when he appeared before this Committee on October 24, as reported at page 19 of the printed Proceed-

[Interprétation]

La deuxième réserve que nous voulons signaler au Comité concerne le pouvoir discrétionnaire du ministre. C'est un point toujours critique. On se souviendra de l'ancienne loi sur la taxe de guerre qui a fait surgir beaucoup de questions à ce sujet. En conséquence, la nouvelle loi de l'impôt sur le revenu a fait disparaître ce pouvoir, même si on le retrouve ici et là depuis.

Pour illustrer notre point de vue, je mentionnerais le rapport Carter récemment publié. On y dit ceci; au volume III:

A moins que ce ne soit absolument nécessaire, on ne doit pas avoir recours au pouvoir discrétionnaire du ministre.

Il faut être réaliste et accepter que, lorsque cela est absolument nécessaire, on y ait recours. Nous pensons, cependant, que ce pouvoir doit être contrôlé au moyen de certaines garanties.

**M. Lambert (Edmonton-ouest):** On peut en appeler au Tribunal antidumping; de fait, on doit en appeler au Tribunal.

**M. Corlett:** Permettez-moi de vous renvoyer au...

**Le président:** Nous pouvons commencer tout de suite l'interrogatoire, monsieur Corlett... Très bien, vous pouvez répondre à M. Lambert.

**M. Corlett:** J'ai pensé qu'il vous serait plus facile de nous comprendre en vous reportant à l'article 9, paragraphe 5, du projet de loi sur l'antidumping. Lorsque les marchandises proviennent de pays où l'État contrôle les exportations, on a parfois recours au pouvoir discrétionnaire du ministre, parce que le paragraphe 5, après avoir énuméré certains facteurs, dit que la valeur normale des marchandises.

...doit être déterminée de la manière que prescrit le Ministre.

Je ne veux pas dire que quelque chose de la sorte ne doit pas faire partie du projet de loi, mais, en tant qu'association, nous aimerions que certaines normes, que le ministre appliquerait en faisant ses prescriptions, soient définies dans la loi ou dans les règlements. Je vous donne un exemple du genre de crainte que nous avons. Lorsque M. Grey, du ministère des Finances, a comparu devant ce Comité, le 24 octobre (page 19 du compte rendu), il a traité de cette question. Au der-

[Text]

ings, dealt with this issue. In the last paragraph at the bottom of the lefthand column he stated:

In the case of goods that are exported to Canada from a country whose economy is controlled by the state, a so-called state trading country, it is contemplated that the normal value—the value of the goods when sold for consumption in the exporting country—is to be determined in the manner prescribed by the Minister. Accordingly it will be possible to continue the present practice of establishing values for imports from such sources by reference to the values at which like goods are sold in neighbouring free market countries under normal conditions.

We know that practice exists. As far as we know that is so and I think that seems a reasonable approach. However, our point is that there is nothing in the language used in subclause (5) of clause 9 which says that the Minister has to follow that standard.

In other words he might decide to choose some other country, not the nearest open market country. Of course it is a fact, I think, that did happen in the early days of section 38(d) of the Customs Act.

I am thinking of certain cotton fabrics originating from Mainland China in 1959. As I remember it, the United States was chosen as the third country and importers, of course, felt that perhaps Japan would have been the better country because it was the nearer one. Over a period of a couple of years, as I remember it, eventually a switch was made to Japan. Our point is that there is nothing in the language of the statute which says that the Minister in some future year cannot depart from what Mr. Grey in his testimony states is the sort of internationally accepted practice.

This is what I had in mind, Mr. Lambert. It is merely a suggestion that it might be possible to spell out certain standards which would assist the Minister in determining how he would prescribe in a particular situation.

In our submission, which of course was begun before Mr. Grey was good enough to submit a draft of the regulations relating to clauses 9 and 10 of the Bill, we of course, recognize the difficulty of producing the regulations. They will play a big role, I believe, in the administration of this act. Normally regulations cannot be publicized until the enacting statute is made part of the law of the land.

• 1125

However, we did note that Mr. Grey stated on page 64 of the testimony that the drafts-

[Interpretation]

nier paragraphe, au bas de la colonne de gauche de la page 19, il dit:

Dans le cas de marchandises qui sont exportées au Canada en provenance d'un pays dont l'économie est contrôlée par l'État, un pays où c'est l'État qui commerce, comme on dit, on songe à établir la valeur normale (la valeur des marchandises vendues pour consommation dans le pays exportateur) de la manière prescrite par le ministre. C'est pourquoi il nous sera possible de continuer à établir les valeurs des importations de ces sources en nous reportant aux valeurs auxquelles de telles marchandises sont vendues dans les pays voisins à marché libre, dans des conditions normales.

Cette pratique existe et nous le savons. Je pense que c'est une façon raisonnable d'agir, mais il n'y a rien dans la terminologie du paragraphe 5 de l'article 9 qui dit que le ministre doit se conformer à ces normes. Celui-ci pourrait choisir n'importe quel pays, et non pas un pays voisin à marché libre. Et je pense que cela s'est produit au début, lorsque l'article 38 paragraphe d) de la Loi sur les douanes était appliqué. Je prends l'exemple de certaines cotonnades importées de la Chine continentale en 1959. Si j'ai bonne mémoire, les États-Unis ont été choisis comme troisième pays, et les importateurs, bien sûr, ont pensé que le Japon aurait été un meilleur choix, vu sa proximité. Puis, environ deux ans plus tard, on a utilisé le prix japonais comme point de comparaison. Nous insistons sur le fait que, dans la Loi, il n'y a rien qui dit que le ministre ne pourrait pas, à un moment donné, s'éloigner de ce que M. Grey a défini comme étant une pratique mondiale-ment reconnue.

Voilà à quoi je pensais, monsieur Lambert. Je voulais simplement dire qu'il serait peut-être possible d'établir certaines normes qui aideraient le ministre à prendre une décision dans certains cas particuliers.

Dans notre mémoire, rédigé, bien sûr, avant que M. Grey ne soumette un projet de Règlement sur les articles 9 et 10 du projet de loi, nous reconnaissons qu'il est difficile d'élaborer ce Règlement qui jouera un grand rôle dans l'application de la loi. Normalement, on ne peut pas publier le Règlement avant que la loi ne soit adoptée et ne fasse partie de la loi du pays. Mais M. Grey a dit, à la page 64 de son témoignage, que le législateur avait décidé qu'il serait nécessaire d'ajouter un nouvel article pour la détermination de la



## [Texte]

men had decided it was necessary to add a new clause covering determination of normal value of goods in connection with branded products, as I remember it, and that they would be working on it.

I presume they will have other revisions or new clauses to add. So this is something to come in the future. Then, of course, there are regulations, not many but a number of regulations, that will have to be published eventually relating to certain clauses of the anti-dumping Bill other than clauses 9 and 10. If I remember correctly, Mr. Grey stated that some of them had not been drafted. However, we realize all of this will take time.

We would hope eventually when it is all completed, and it is possible for the Department of National Revenue to act under the new law, that some method might be devised whereby publicity would be given and facilities would be made available to those who had some contribution to make concerning the feasibility under the Bill or under the regulations of what still had to be published.

The next reservation we made was on the matter of definition of injury. We realize that it is not possible to have an all-embracing definition of industry, but it did appear to us that in Article 3 of the Code certain criteria were set forth which presumably would be for the guidance of the injury Tribunal that will be created. We query why no attempt, as far as we can see, has been made to put the contents of Article 3 into a section of the Code. Now it may well be just impossible to do that.

However, we suggest as an alternative the definition of industry appearing in Article 4(a) of the Code which has been adapted by reference in the proposed statute in clause 16(4). We felt it might be feasible to have a provision whereby the criteria to be used in determining injury, and what should not be considered in determining injury, be adopted by reference in the Bill, as a guide to those who will have to make that determination.

Clause 15(2) of the proposed Bill seems to deal with a situation where the government at the time of its investigation, and after the making of the preliminary determination has collected what might eventually be excess provisional duty, and there is a provision that the excess amount will be returned to the importer.

I do not know how often that would happen but we felt as a matter of principle if this should happen that the excess amount should

## [Interprétation]

valeur normale des marchandises, en ce qui concerne les produits de marque.

Je présume qu'ils auront d'autres modifications à faire ou d'autres articles à ajouter. C'est une chose qui se fera plus tard. Il y a aussi un certain nombre de règlements qui devront être publiés à l'égard de certains articles du projet de loi sur l'antidumping, en plus des article 9 et 10 et, si je me souviens bien, M. Grey a dit qu'on n'avait pas encore rédigé quelques-uns de ces articles. Nous comprenons bien que tout cela prend du temps, mais nous espérons qu'en fin de compte, lorsque tout sera terminé, et que le ministère du Revenu national pourra agir en vertu de la nouvelle loi, on trouvera un moyen de publier ces règlements et qu'on donnera l'occasion de s'exprimer à ceux qui ont quelque chose à dire sur ce qu'il est encore possible de publier en vertu du projet de loi ou des règlements.

Nous faisons une autre réserve sur la définition du «préjudice». Nous comprenons bien qu'il n'est pas possible de faire une définition globale de la «production» mais, à l'article 3 du Code, semble-t-il, on expose des critères qui serviront, je présume, à aider le Tribunal dans sa décision sur le préjudice. Nous nous demandons pourquoi on n'a pas essayé d'inclure le contenu de l'article 3 dans un article du Code. Il est peut-être impossible de le faire, maintenant, mais nous proposons, en retour, la définition du mot «production» qui figure à l'article 4 a) du Code, adopté relativement à l'article 16, paragraphe 4), du projet de loi.

Nous avons pensé qu'il serait peut-être possible d'inclure dans le projet de loi une disposition définissant les critères qui doivent déterminer s'il y a un préjudice, ou non, pour la gouverne de ceux qui devront faire cette détermination.

L'article 15(2) du projet de loi traite d'un cas où le gouvernement, au moment de l'étude du bill et après la prise de décision préliminaire, avait recueilli ce qui pourrait être des droits de douane provisoires excédentaires, et il semble que la somme supplémentaire sera remise à l'importateur. Je ne sais pas si cela se produira souvent, mais nous avons pensé que pour une question de principe, si cela se produit, la somme supplémentaire ou excédentaire devrait être retournée avec l'intérêt qui s'y ajoute. Alors au lieu



## [Text]

be returned with interest. Rather than stating a fixed rate of interest as was common in the old type of statute I notice that the modern trend is to leave it to the Governor in Council to fix the rate by regulation. There have been such instances in the recent farm lending bills that have been before Parliament.

• 1130

There is one provision, I think, that does cause us some concern, and I do not think, from my reading of the Proceedings to date plus what I have read in the press on the Proceedings which I have not yet received, that we are alone on our concern which relates to this Panel of Deputy Ministers contained in clause 30 of the Bill. Based on the evidence that has been given by the representatives of the Departments of Finance and National Revenue up to November 7, we fail to see any convincing reason given on why this Panel has to exist.

Mr. Grey did state the first day he was testifying that this is—I quote Page 20 of the Proceedings—“a rather novel procedure”. In our opinion it certainly is. There is a mandatory obligation on the part of the Tribunal to consult with a committee of deputy ministers. In fact they need not be deputy ministers, the deputy minister has the right to appoint some junior to act as his nominee and the tribunal is obligated to consult. Then the clause goes on to say that having consulted the tribunal is not under an obligation to take the advice given by the committee.

Our query is that we would not want anything to happen which would tend to detract from the independence of the members of the Tribunal. We are assuming that the members will be persons of integrity, intelligence and good judgment. It is our submission that there is already a provision in clause 30—I am sorry, in clause 26(2)—which makes the use of clause 30 needless. I would refer you to Page 84 of the White Paper, the last phrase of subclause (2) which reads:

...and the Tribunal may obtain the advice and assistance of any agency or department of the Government of Canada.

In other words the members of the Tribunal will, I am sure, seek whatever assistance they need from any of these government departments. I am sure this is what will happen.

As far as I am aware there is no comparable provision to clause 30 in the Tariff Board Act, and the present Tariff Board has been

## [Interpretation]

d'avoir un taux d'intérêt fixe comme l'indiquaient les anciennes lois, je vois que maintenant, on s'en remet à la discrétion du gouverneur en conseil. Il s'est produit des cas semblables dans les récents projets de loi sur le prêt agricole présentés au Parlement.

Il y a une autre disposition qui nous préoccupe et nous ne sommes pas les seuls, car j'ai lu les procès-verbaux jusqu'ici, j'ai lu les comptes rendus des journaux sur ces procès-verbaux, que je n'ai d'ailleurs pas encore reçus. Elle a trait à cette Commission de sous-ministres. Il s'agit de l'article 30 du bill. D'après le témoignage qui a été porté par les représentants des ministères des Finances et du Revenu national, le 7 novembre, aucune des raisons invoquées ne nous a prouvé pourquoi cette Commission doit exister.

M. Grey a dit, au cours de son premier témoignage, page 20 du procès-verbal, que c'est «une procédure plutôt nouvelle». Et à notre avis, c'est vrai. Il semble y avoir une obligation de la part du Tribunal pour consulter un Comité consultatif de sous-ministres. De fait, ils n'ont pas besoin d'être sous-ministres, car le sous-ministre peut déléguer un subalterne pour le représenter, et le Tribunal est obligé de le consulter. L'article dit ensuite qu'après consultation, le Tribunal n'est pas tenu de suivre les conseils donnés par le Comité.

Voici ce que nous voulons savoir: nous ne voulons pas qu'il se produise quoi que ce soit qui diminuerait l'indépendance des membres du Tribunal; nous supposons que les membres seront intègres, intelligents, et exerceront un bon jugement. Alors, nous pensons que, comme il existe déjà une disposition à l'article 30, ou plutôt je me trompe, je parle de l'article 26 (2), qui rend ce paragraphe de l'article 30 inutile. Je vous prierais de vous reporter à la dernière phrase du paragraphe (2), à la page 84 du Livre blanc, et qui se lit comme il suit:

...le Tribunal peut obtenir les conseils et l'aide de tout organisme, ministère ou département du gouvernement du Canada.

En d'autres termes, je suis sûr que les membres du Tribunal demanderont tous les conseils dont ils ont besoin des ministères du gouvernement et c'est ce qui arrivera.

Pour autant que je sache, il n'y a pas de disposition semblable à celle de l'article 30 dans la Loi sur le tarif douanier, et la pré-

## [Texte]

operating for almost 38 years. I believe there is ample evidence to indicate that the Board, where they have to in order to come to a decision, can go outside what they gather at public hearings. I noticed in the most recent Tariff Board Reference No. 134, that the Board expressly stated they ascertained information on their own.

Clause 26(2) authorizes the Tribunal to seek assistance from any agency or department of the Government of Canada. That being so we query why it is necessary to have clause 30 at all. As an alternative, although it would be a second best from our point of view, we would suggest that the mandatory verb "shall" be changed to "may". In other words subclause (1) of clause 30 would read:

The Tribunal may ...

...consult the named officials of the Department.

Another provision that has caused the Association some concern relates to clause 33(2), and the introduction of this doctrine, which I think Mr. Grey referred to in his testimony at one point as the doctrine of following the goods, in so far as the levying of an anti-dumping duty is concerned.

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It is our feeling if we understand this proposed provision correctly, the Minister may, if he does not get the amount of the dumping duty from the importer within 30 days, levy the amount of the dumping duty against those goods even though at that time they are legally the property of some innocent third party purchaser. It is our feeling that this actually will constitute a new non-tariff type of barrier.

In other words we feel it is placing too heavy a responsibility on an innocent third party purchaser. Not only that, it is our view if this becomes part of the law that it will necessitate the Department of National Revenue setting up a new division. We are satisfied that where substantial sums of money are involved no Canadian purchaser would want to assume the responsibility of acquiring those goods if at a later time he is going to be made liable for the dumping duty.

I submit that view is not farfetched because in another branch of the law this has been going on in Ontario for years. Under the Ontario Corporations Tax Act there is a provision whereby the Ontario authorities have a lien right against all property owned by a

## [Interprétation]

sente Commission sur le tarif existe depuis près de trente-huit ans. Je pense qu'on a prouvé suffisamment que la Commission, lorsqu'elle doit le faire pour prendre une décision, peut aller chercher des conseils à l'extérieur et peut tenir des audiences publiques. Dans le dernier rapport sur le tarif, au n° 134, la Commission l'a exprimé bien clairement. Elle se renseigne par elle-même.

L'article 26 (2) permet au Tribunal de demander de l'aide de tout organisme ou ministère du gouvernement du Canada. Alors, nous voulons savoir pourquoi nous avons l'article 30. Ou encore, —il y a une autre possibilité,—ce serait un deuxième choix par ordre d'importance. Au lieu d'utiliser un verbe qui oblige, on pourrait le changer en remplaçant «doit» par «peut» en d'autres termes, le paragraphe (1) de l'article 30 se lirait comme il suit:

Le Tribunal peut...

...demander l'avis des représentants officiels énumérés.

Il y a une autre disposition aussi qui nous a préoccupés. Il s'agit du paragraphe (2) de l'article 33. C'est l'introduction d'une doctrine dont M. Grey a parlé dans son témoignage, c'est-à-dire la demande d'un droit antidumping à un acheteur subséquent. Nous sommes d'avis, si nous comprenons bien cette disposition, que le ministre, s'il ne reçoit pas la somme des frais de dumping de l'importateur dans les 30 jours, peut prélever la somme des droits de dumping sur ses marchandises, même si à ce moment-là, les marchandises appartiennent légalement à une troisième partie qui est innocente. Nous pensons que cela constituera vraiment une barrière de type non tarifaire.

Par ailleurs, nous croyons que ces responsabilités seront trop lourdes pour une troisième partie qui est innocente, un acheteur innocent, en somme. Alors, si cela fait partie de la loi, le ministère du Revenu national devra créer une nouvelle division. Lorsqu'il y a des sommes d'argent importantes en cause, nous sommes convaincus que nul acheteur canadien ne voudrait acquérir ces marchandises si par la suite on peut le rendre responsable des droits de dumping.

Cette affirmation n'est pas tirée par les cheveux car nous savons que, dans un autre domaine de loi, cela s'est fait en Ontario pendant des années. Selon la Loi de l'impôt des corporations en Ontario, il semble que les autorités provinciales ont un droit de réten-



[Text]

taxpayer including real property. So when a lawyer in Ontario today searches the title to a piece of property, going back 40 years as he is required, and finds that on the title at certain times were joint stock companies subject to Ontario corporations tax, before he is in a position to certify the title to his client, he will write to the Corporations Tax Branch at Queen's Park in Toronto and obtain a certificate or an assurance that the Ontario Corporations Tax Branch are not claiming any lien against the designated piece of property relating to a particular company up to a certain date.

I daresay this branch of the Corporations Tax Office must receive over one hundred inquiries a day and from my experience replies are received usually within a week. I submit this is what could easily happen in so far as Canadian customs is concerned. Otherwise, in sizeable purchases who would want to assume the possible risk?

I think, Mr. Chairman, that covers...

**The Chairman:** Gentlemen, before allowing other comments, as I mentioned earlier, usually members of the delegation make comments. The members of the Committee have received your brief two or three days ahead of time, and they have had time to go through it. However, I will allow a few more remarks.

**Mr. A. T. Baylay (Canadian Importers Association):** Mr. Corlett, did you perhaps neglect to mention in passing clauses 5 and 6?

**The Chairman:** Mr. Baylay, I am sure members are familiar with your brief and they will direct questions to you gentlemen. If I permit further remarks there may be duplication or triplication. However, I have no objection if Mr. Corlett wants to make comments on clauses 5 and 6.

**Mr. Corlett:** I think, perhaps, Mr. Chairman, I have spoken long enough. If there is time available later I am sure the matter will come up at some point.

**The Chairman:** It is my intention to call the paragraphs. Gentlemen, as you are aware this brief covers different clauses of the White Paper, and I will receive questions on the first part dealing with surtax. This relates to clause 37 on Page 96 of the White Paper.

**Mr. Lambert (Edmonton West):** Mr. Chairman, might it not be better to get some

[Interpretation]

tion sur toutes les propriétés qui appartiennent aux contribuables, y compris les biens-fonds. Alors lorsqu'un avocat ontarien demande le titre d'une propriété, qui remonte à 40 ans, s'il se rend compte que sur le titre il y a déjà eu des sociétés conjointes assujetties à l'impôt des corporations, alors, avant de remettre le titre à son client, il doit écrire à Queen's Park, à la Direction de l'impôt et obtenir un certificat ou une assurance établissant que la Direction de l'impôt sur les corporations de l'Ontario ne réclamera aucun droit de rétention relatif à une société particulière après telle ou telle date.

Cette direction du Bureau de l'impôt des corporations doit recevoir plus d'une centaine de demandes par jour, j'en suis sûr, et y répond en moins d'une semaine. La même chose pourrait probablement se produire pour les douanes canadiennes. Autrement, pour des achats importants, qui voudrait courir ce risque éventuel?

Monsieur le président, je pense que cela couvre notre mémoire.

**Le président:** Messieurs, avant d'entendre d'autres commentaires, comme je l'ai dit plus tôt, les représentants des délégations peuvent faire leurs commentaires. Les membres du Comité ont reçu les mémoires il y a quelques jours et ils ont eu le temps de les lire. Toutefois, je permettrai quelques autres observations.

**M. Baylay (Association canadienne des importateurs):** Par votre entremise, monsieur le président, je voudrais demander à M. Corlett s'il n'a pas oublié de mentionner en passant les articles 5 et 6.

**Le président:** Monsieur Baylay, je suis sûr que les députés connaissent le mémoire, et ils vont poseront des questions, messieurs. Si je permets d'autres observations, il y aura peut-être des chevauchements. Mais je ne m'oppose pas à ce que vous commentiez les articles 5 et 6.

**M. Corlett:** Je pense que j'ai parlé assez longtemps. Je suis sûr qu'on soulèvera la question une autre fois.

**Le président:** J'ai l'intention d'en reparler.

Comme vous le savez, le mémoire est divisé en paragraphes et reprend plusieurs articles du Livre blanc. Donc, j'écouterai vos questions sur le premier point, c'est-à-dire la surtaxe, article 37, que vous retrouvez page 96 du Livre blanc.

**M. Lambert (Edmonton-Ouest):** Ne serait-il pas mieux d'avoir d'abord les commentaires



[Texte]

comments from either Mr. Arthur or Mr. Hind first of all? I think this is the practice you had adopted at the beginning of our meetings.

**The Chairman:** Yes.

**Mr. Lambert (Edmonton West):** This leaves the members in a position to judge the two sides of the question, rather than the members becoming advocates one way or another of a particular position.

**The Chairman:** You are right, Mr. Lambert. However, usually when Mr. Arthur or Mr. Hind have comments to make on statements they so indicate. Have you gentlemen any comments to make on the brief from the Association?

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**Mr. C. D. Arthur (International Economic Relations Division, Department of Finance):** Mr. Chairman, I think it would probably be appropriate to deal with the various suggestions made by the Association as they appear in their brief. As you mentioned, the first relates to the surtax, and we have dealt with this at some length in previous hearings.

The only point I would like to make at this time is that this is a carry forward of provisions that now exist in the Customs Act. The reason for this consequential amendment were suggestions by the other signatories to the GATT that the use of dumping duty for this purpose was not in keeping. Therefore the proposal contained in the White Paper is that where previously dumping duty was assessed against injurious non-dump imports in future this will be in the form of a surtax.

The other point I would make, Mr. Chairman, is that under the existing legislation the arbitrary valuation is determined by the Governor in Council and continues to apply without limitation. Under the proposed amendment there are 180 days during which time, or at the end of which time, it can only be continued by an Act of Parliament. I think in part, at least, this does meet the point raised by the Association. Those are the only comments I wish to make on this part of the brief.

**The Chairman:** Mr. Hind, have you any comments to make on the surtax?

**Mr. A. R. Hind (Assistant Deputy Minister, Department of National Revenue (Customs and Excise)):** Mr. Chairman, between Mr.

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de M. Arthur ou de M. Hind? Je pense que c'est la pratique que vous aviez adoptée au début de nos réunions.

**Le président:** Oui.

**M. Lambert (Edmonton-Ouest):** Ensuite, les députés peuvent juger de la question. On peut donc juger les deux côtés de la médaille. On ne se fait pas les avocats de la défense ou de la Couronne de cette façon-là.

**Le président:** Vous avez raison, monsieur Lambert. Si MM. Arthur ou Hind ont des commentaires à faire sur les déclarations, ils le font ordinairement savoir. Messieurs, avez-vous des commentaires à faire sur le mémoire présenté par l'Association canadienne des importateurs?

**M. C. D. Arthur (Division des relations économiques internationales, ministère des Finances):** Je pense qu'il conviendrait, monsieur le président, d'étudier les différentes suggestions qui viennent d'être faites par l'Association. On en parle dans le mémoire. La première se rattache à la surtaxe. Nous en avons déjà parlé longuement au cours d'autres audiences.

Il n'y a qu'une chose que je voudrais dire maintenant. C'est un report des dispositions qui existent à l'heure actuelle dans la Loi sur les douanes. Cette modification résultante vient des suggestions faites par les autres pays signataires du GATT, voulant que le droit de dumping à cette fin ne se tienne pas avec le reste. Dans la proposition du Livre blanc, on dit que le droit antidumping qui était appliqué auparavant sur les importations préjudiciables ne faisant pas l'objet d'un dumping, sera désormais payé sous forme de surtaxe.

Il y a une autre question que je voudrais faire ressortir, monsieur le président. Conformément à la Loi actuelle, l'évaluation arbitraire des marchandises est déterminée, fixée par le gouverneur en conseil et continue à s'appliquer sans restriction. Conformément à la modification proposée, il y a un délai de 180 jours à la fin duquel la proposition devient sans effet à moins que le Parlement ne l'ait approuvée avant cette date. En partie, cela répond à l'argument de l'Association. C'est tout ce que j'ai à dire pour l'instant.

**Le président:** Monsieur Hind, avez-vous des commentaires à faire sur la surtaxe?

**M. A. R. Hind (Sous-ministre adjoint (Douanes et Accise), ministère du Revenu national):** Je pense que M. Corlett et M. Arthur

[Text]

Corlett and Mr. Arthur I believe the situation has been well covered. However, I am prepared to answer any questions that might be asked.

**The Chairman:** Gentlemen of the Association, have you any comments to make on Mr. Arthur's remarks?

**Mr. Corlett:** I have only one comment, Mr. Chairman. I appreciate what Mr. Arthur has said, he indicated there was a time limit of 180 days and then unless Parliament approved, the matter would lapse. However, what is in the proposed legislation that would prevent the executive from starting another 180-day period shortly after the expiration of the first?

**Mr. Gray:** Mr. Chairman, it would seem to me that before they could propose a surtax for another 180-day period the requirements of the statute would have to be complied with.

**Mr. Corlett:** Yes, Mr. Gray, I well realize that, but the decision on whether or not there is injury in connection with non-dumped goods of necessity would have to originate with the Minister of Finance who recommends to the Governor in Council.

**Mr. Gray:** If I understood Mr. Arthur correctly, under the present provisions the Order in Council runs indefinitely until it is revoked by the Governor in Council. Surely what is being proposed, if your submission is correct, is an improvement. At the present time the Order in Council runs for an indefinite period unless and until the Governor in Council decides to revoke it. Under the proposed legislation the Order in Council cannot have a life of more than 180 days unless specifically approved by Parliament.

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**The Chairman:** Yes, Mr. Lambert.

**Mr. Lambert (Edmonton West):** Parliament has set up a Committee on Delegated Legislation and I think you will find that this Committee intends to function and the government wants to see it function. Orders in Council of this type would then come under scrutiny by this Parliamentary Committee whereas under the present legislation the Orders in Council are passed and left open-ended as to their termination. I think you could see if one were passed covering a period of 180 days and as you rightfully said under the proposed Bill on the 183rd day another

[Interpretation]

ont couvert la question. Toutefois, je répondrai à vos questions, le cas échéant.

**Le président:** Messieurs de l'Association des importateurs, avez-vous des commentaires à faire sur les observations de M. Arthur?

**M. Corlett:** Je n'ai qu'un commentaire, monsieur le président. J'apprécie ce que M. Arthur vient de dire. Il a dit qu'il y avait une période limite de 180 jours et ensuite, s'il n'y a pas l'approbation du Parlement, la question sera en suspens. Mais, dans la Loi proposée, on empêche une nouvelle période de 180 jours, après l'expiration de la première.

**M. Gray:** Monsieur le président, je pense qu'avant d'imposer une surtaxe pour une autre période de 180 jours, les conditions de la Loi devront être remplies.

**M. Corlett:** Oui, je m'en rends compte. Mais la décision pour savoir s'il y a préjudices au sujet des produits qui ne sont pas du dumping, doit être prise par le ministère des Finances qui fait ses recommandations au gouverneur en conseil.

**M. Gray:** Selon la loi actuelle, le décret du Conseil continue indéfiniment, à moins que le gouverneur en conseil ne le révoque. Il faut donc qu'il soit révoqué. Si vous avez raison, on veut plutôt vous demander une amélioration de la loi. Dans la loi proposée, le décret ne peut pas durer plus longtemps que 180 jours, à moins d'un ordre contraire du Parlement.

**Le président:** Monsieur Bald. Oui, Monsieur Lambert?

**M. Lambert (Edmonton-ouest):** Je voudrais ajouter un mot. Comme le Parlement a mis sur pied ce comité, on verra que le comité a l'intention de fonctionner et que le gouvernement voudra qu'il fonctionne. Alors les décrets du Conseil de ce genre seront étudiés par le comité parlementaire. Selon la Loi actuelle, il y a une porte ouverte. Vous pouvez vous rendre compte que, s'il y a un délai de 180 jours, conformément à la Loi, on peut dire que, le 183<sup>e</sup> jour, on peut recommencer une nouvelle période de 180 jours. Toutefois, il faudrait se justifier devant le comité.



[Texte]

one could be made to carry on for another 180 days, that second one would have to be presented in due course before this Committee with a justification. You would, then, have an examination. However, I will want to discuss this with you later.

**Mr. K. Bald (President, Canadian Importers Association):** Mr. Chairman, Mr. Gray commented that this was an improvement over the old regulations with which we quite agree, but the fact that it is an improvement does not mean that we should compromise on something which we think is badly stated.

**Mr. Gray:** Of course, if you got right down to it, you probably are not sympathetic at all to the existence of this kind of a provision.

**Mr. Corlett:** Mr. Gray, I do not think I would be prepared to go that far nor do I think any of my colleagues would. I would like to state again that in principle Canadian importers will subscribe to this new Anti-Dumping Bill, and therefore, this Association, as such, is in support of what the government is doing.

These points came to our attention as we went through the proposed Bill, but I must be fair about this. If the government, for the sake of argument, said they did not care one bit about what we, the Association, said about surtax, we would not say that we thought it was a bad Bill because, on balance, it is a good Bill.

**Mr. Gray:** Of course, we should make clear that the clauses with respect to the surtax are really consequential amendments designed to put this aspect of import regulation into the Customs Tariff instead of it being part of the proposed Anti-Dumping Bill because it applies to a somewhat different situation, at least technically, than dumping.

**Mr. Corlett:** I quite appreciate that. We merely commented on it because it appeared as a clause of the proposed Anti-dumping legislation although, admittedly, it is a consequential amendment.

**Mr. Gray:** I think it is quite proper for you to give us your views and they are much appreciated.

**The Chairman:** Gentlemen, both you who are on the delegation as well as the members of the Committee, in order to assist our technicians, when you want to ask a supplementary question would you please raise your hand. They cannot see you when they are downstairs.

[Interprétation]

Il faut qu'il y ait une enquête. J'en reparlerai avec vous plus tard.

**M. Bald:** Monsieur Gray a dit que c'était une amélioration sur l'ancien règlement. Nous sommes d'accord. Même si c'est une amélioration, cela ne veut pas dire qu'il faut un compromis sur quelque chose qui est déclaré de travers.

**M. Gray:** Vous n'êtes peut-être pas sympathique à ce genre de dispositions.

**M. Corlett:** Monsieur Gray, je ne pense pas que je sois prêt à aller aussi loin. Je tiens à déclarer de nouveau, qu'en principe, les importateurs canadiens adopteront le nouveau projet de loi sur l'antidumping. Nous appuyons ce que le gouvernement fait. Ce sont les questions qui nous ont frappés lorsque nous avons étudié le projet de loi. Je dois être juste pourtant. Si le gouvernement dit, aux fins de la discussion, que peu importe ce que vous pensez, notre association ne répondra pas très bien. Notre Association ne dira pas que c'est un mauvais projet de loi, puisque dans l'ensemble, le projet de loi est excellent.

**M. Gray:** L'amendement sur la surtaxe est un amendement important pour inclure cela dans le tarif des douanes. Cela s'applique à une situation un peu différente du dumping.

**M. Corlett:** Oui, je m'en rends bien compte. Nous nous sommes contentés de commenter, car il y a un article du projet de loi sur cela. Nous sommes très contents d'entendre vos opinions.

**M. Gray:** Si vous pouviez nous donner vos commentaires, ce serait très apprécié.

**Le président:** Messieurs, les membres du Comité et la délégation devraient donner une chance aux techniciens. Lorsque vous voulez poser une question, voulez-vous lever la main, s'il vous plaît, pour qu'on puisse ouvrir les micros à temps.

Maintenant, je donne la parole à M. Roberts.



[Text]

**Mr. Roberts:** Mr. Chairman, my questions are along somewhat the same lines. Mr. Corlett, I wonder if you could suggest how this clause could be improved so we can deal with the problems to be faced. I understand there is a feeling that this has been rather arbitrarily organized. This feeling exists, for instance, in the particular area of agricultural products, an area which is of great concern to me. Let us take as an example carrots from California which have an early season and a high price. As the season goes on the price falls while our price is a high one, but the importation of carrots from California would not be a dump since they would have been brought in at the California price. However, they would severely injure the market gardeners here in Canada.

Should a protection be designed for that kind of a situation and if so, what kind of protection could be provided other than that which we now have in clause 37?

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**Mr. Corlett:** Mr. Roberts, I quite appreciate the problem the draftsmen have been confronted with and I do not think I would be competent to tell the experts in the Justice Department what words should be used as I am not a legislative draftsman. Our purpose was merely to draw to the attention of the Committee what we considered could be a risk if this provision were, in a ruthless and arbitrary way, implemented having in mind that it is going to be there for some time.

If the legislators were to say that they realized we had to have something like this in the draft Bill as there is provision for it in Article 19 of GATT, I am not so sure we would reply that it is a form of delegated legislation, but that Parliament—if it were done properly I cannot believe that Parliament would annul an order I am not aware of many, if any, that were annulled under the wartime legislation—at least theoretically, would have the right to annul if they wanted to do so. I am not saying they would; I do not imagine they would, but as we see it, they have lost that right unless there is an amendment to that clause.

**Mr. Roberts:** Except that it automatically lapses after 180 days unless Parliament continues it.

**Mr. Corlett:** Yes, but as we see the clause, it would be legally possible to have another executive order a few days later. I am aware of the Committee that has been set up by the House to which Mr. Lambert referred and

[Interpretation]

**M. Roberts:** Monsieur le président, mes questions portent sur le même sujet. Monsieur Corlett, comment pourriez-vous améliorer cet article? Si je comprends bien, c'est une organisation assez arbitraire, par exemple, pour les produits agricoles qui m'intéressent beaucoup.

Prenez l'exemple des carottes de la Californie, qui se vendent au début de la saison à un prix élevé. Au fur et à mesure que la saison avance, le prix descend. Notre prix est élevé. Donc, notre importation de carottes de la Californie n'est pas du dumping, car c'est le prix de la Californie. Cela porterait préjudice aux marchés de notre pays. Si on doit protéger dans des cas semblables, quelle autre protection peut-il y avoir, à part l'article 37?

**M. Corlett:** Je me rends compte des problèmes des législateurs. Je ne suis pas un législateur et je ne pense pas que j'aurais la compétence voulue pour dire, aux spécialistes du ministère de la Justice, ce qu'il faut faire. Nous voulons cependant attirer votre attention sur certains risques qui existeront, si la disposition est appliquée sans prendre de précautions.

Si le législateur dit: «Nous savons qu'il faut des dispositions semblables. On en parle à l'article 19 du GATT. C'est déjà une législation», je ne crois pas que, si cela est bien fait, le Parlement révoque le décret. Mais, en théorie, il devrait pouvoir le faire, s'il le veut. Je ne dis pas qu'on le fera. Mais, le gouvernement perd ce droit, si on ne modifie pas l'article.

**M. Roberts:** Cela expire après 180 jours.

**M. Corlett:** Il serait possible d'avoir un autre décret de l'exécutif, quelques jours plus tard. Le comité a été créé par la Chambre; M. Lambert en a parlé. Tous les importateurs penseront que la Chambre des communes

[Texte]

certainly we, as importers, think that the House of Commons took an excellent step by doing this.

**Mr. Roberts:** So, it is not the principle which underlies this clause to which you object, but you have certain fears about the administration of it?

**Mr. Corlett:** Yes, having in mind that, in fact, Parliament is delegating the right to impose a surtax and a surtax, of course, is a form of taxation that is going to affect people I merely thought to present to the Committee that it has always been a fundamental principle of taxation that taxation is imposed by Parliament.

**Mr. Bald:** Mr. Chairman, Mr. Roberts asked what we would like to see in this legislation. Section 37 of the present legislation sets a limit of 50 per cent on the surtax. We see no harm in setting a limit and I think 50 per cent would be high enough to protect most situations.

**Mr. Roberts:** Not necessarily in agricultural produce.

**Mr. Gray:** I would like to suggest to the witnesses that the section of the GATT which authorizes the creation of these special surtaxes does not say there must be a limit on these taxes. The reason I mentioned that is because you have suggested in other parts of your brief that the draft Bill should be amended to conform with the GATT undertaking. You cannot have it both ways.

**Mr. Corlett:** I believe, Mr. Gray, Article 19 about which you were speaking, was not referred to in the International Code on Anti-Dumping.

**Mr. Gray:** No, but it is part of the arrangements made under the General Agreement on Tariffs and Trade and the Anti-Dumping Code also arose from those international negotiations. It is because of the existence of Article 19 of the General Agreement on Tariffs and Trade that the Parliament of Canada is being asked to adopt these sections and it is not considered that we are breaching any undertakings to our trading partners in so doing.

All I am saying is that in another part of your brief you suggested—I am not saying I agree with you—that some of the proposals in the draft legislation do not conform exactly with the arrangements made under the GATT. Therefore, you cannot complain because other parts of the proposed bill are

[Interprétation]

prend une mesure bienfaisante en commentant cela.

**M. Roberts:** Ce n'est pas au principe que vous vous opposez, mais plutôt à son application.

**M. Corlett:** En songeant que le Parlement délègue le droit d'imposer une surtaxe, qui est une taxe qui touche les gens, j'ai pensé vous faire connaître des opinions selon lesquelles on dit toujours que les taxes sont imposées par le Parlement.

**M. Bald:** Je vais répondre à M. Roberts qui a demandé comment on voudrait que l'article soit formulé.

L'article 37 prévoyait une limite de 50 p. 100 sur la surtaxe. Il ne serait pas nuisible d'avoir une limite. Je pense que 50 p. 100 suffit pour nous protéger dans la plupart des cas.

**M. Roberts:** Pas nécessairement pour les produits agricoles. Merci, monsieur le président.

**M. Gray:** Je tiens à dire aux témoins que, dans les accords du GATT où l'on parle de ces surtaxes spéciales, on dit qu'il doit y avoir une limite sur la surtaxe. Dans une autre partie de votre mémoire, vous dites que le projet de loi doit être modifié, pour être conforme aux demandes du GATT. Vous ne pouvez pas avoir les deux.

**M. Corlett:** Je ne crois pas, monsieur Gray, que le code international de l'antidumping ait référé à l'article 19 du GATT.

**M. Gray:** C'est une partie des dispositions acceptées par le GATT et le code de l'antidumping émerge des négociations internationales du GATT. L'article 19 du GATT existe et, pour cette raison, on a demandé au Parlement du Canada d'adopter cet article. Il ne faut donc pas nuire à nos partenaires. Je dis, comme vous, que, si certaines propositions du projet de loi ne sont pas conformes aux ententes conclues par le GATT, dans d'autres parties du projet de loi, cela est conforme aux ententes du GATT. On ne peut pas avoir les deux à la fois.

[Text]

consistent with the arrangements made under the GATT. You cannot have it both ways.

**Mr. Roberts:** Politicians always try to have it both ways.

**Mr. Gray:** But we do not always succeed.

**Mr. Corlett:** I think the only reply I would be able to make to Mr. Gray's interesting comment would be that Article 19, as of necessity in an international agreement, is couched in pretty broad language.

**Mr. Gray:** I also want to make one other point, Mr. Chairman, if I may. As I understand the wording of the proposed clauses which will permit the creation of this surtax, there is nothing to prevent the Governor in Council from revoking the Order in Council before the 180-day period expires.

• 1155

**Mr. Corlett:** I would agree with that. As I read the proposed clause the executive could repeal the order in Council within the 180 days, but Parliament could not.

**Mr. Gray:** I would suggest to you even if the clause did read that Parliament could cause the Order in Council to be revoked before the expiry of the 180 days, the same situation you have already suggested could come into existence and the Governor in Council could impose another Order in Council.

**Mr. Corlett:** Yes, legally, I think it could.

**Mr. Gray:** Finally, I would like to bring to your attention that under the rules of the House the government is given the first priority in the use of Parliamentary time and it would seem to me that there would be greater protection against unreasonable, arbitrary or unfair use of the clause to say that the Order in Council in question simply expires unless confirmed by Parliament at the end of the 180 days than to say it goes on indefinitely unless it is annulled by Parliament because unless a government of any party wishes to make time available for this kind of debate, it is unlikely that such a motion would have a chance of being entertained and disposed of by the House.

**Mr. Gillespie:** Mr. Chairman, the question I was going to ask has already been answered. It dealt with the principle and practice of the items on the surtax about which we were talking.

With your permission, I would like to go forward...

[Interpretation]

**M. Robertis:** C'est ce que les politiciens veulent toujours avoir.

**M. Gray:** Oui, mais nous ne réussissons pas toujours.

**M. Corlett:** Je pense que le seul commentaire que je peux faire à M. Gray, est de dire que l'article 19 est nécessaire dans une entente internationale et que les termes en sont assez généraux.

**M. Gray:** Il y a un autre point, monsieur le président. Si je comprends le libellé de la proposition sur la surtaxe, il n'y a rien pour empêcher le gouverneur-en-conseil d'abroger le décret du Conseil avant la fin des 180 jours.

**M. Corlett:** Je reconnais que le pouvoir exécutif peut abroger le décret du conseil avant 180 jours, mais le Parlement n'a pas ce pouvoir.

**M. Gray:** Même si l'article disait que le Parlement peut abroger le décret du Conseil avant le délai de 180 jours, la situation pourrait exister et on pourrait imposer un autre décret du Conseil.

**M. Corlett:** Oui, aux termes de la loi, je pense que c'est vrai.

**M. Gray:** En dernier lieu, conformément aux règlements de la Chambre, le gouvernement a la priorité pour décider du programme du Parlement. On serait mieux protégés si nous disions que le décret du Conseil expirerait plutôt que se poursuivrait indéfiniment, à moins que le Parlement l'annule. Cette motion ne pourrait pas être adoptée par la Chambre.

**M. Gillespie:** Monsieur le président, je pense que l'on a déjà répondu à ma question. Il s'agit du principe et de la pratique de la surtaxe. Avec votre permission...



## [Texte]

**The Chairman:** I would prefer, Mr. Gillespie, if you have no objection, to finish with the paragraph of the brief dealing with surtax. After that I will give you the floor.

**Mr. Gillespie:** May I make this one general comment respecting the surtax? It seems to me your criticism of the surtax is the same kind of criticism that is apparent throughout your brief—Ministerial discretion.

It is Ministerial discretion in this area of surtax and it was Ministerial discretion in several other places. We are dealing with practice and if I understand your brief correctly, you are really drawing to our attention the potential dangers in the administration of the proposed legislation.

**Mr. Corlett:** I think that is a fair statement, Mr. Gillespie.

**Mr. Gillespie:** You are not really proposing any changes in the legislation, but just drawing our attention to the fact that there are dangers inherent in this system.

**Mr. Corlett:** Yes, having in mind the wording that has been used in preparing this draft Anti-Dumping Bill, I think my colleagues would agree with that.

**Mr. Gillespie:** Thank you, Mr. Chairman.

**Mr. Lambert (Edmonton West):** Mr. Chairman, first of all, may I say that my feelings along with those of Mr. Gray are that the brief is sort of "now it is for and now it is against" the principles of the Anti-Dumping Code. In other words, now it approves and then it reproaches as the case may seem expedient and this is not attributing any ulterior motives to the Association.

Perhaps it should be recognized that the Anti-Dumping Code which is something new in so far as Canada is concerned, was part of the price that Canada had to pay in getting the package deal of the Kennedy Round. This Anti-Dumping Code is some strange breed of cat that is really a matter of application and was liked more by the Europeans than it was by us.

We had effective machinery as far as Canada was concerned, but the Europeans resorted to other things in order to control imports such as the non-tariff barriers which were outside the Kennedy Round. Those are the things about which Canadians complained for years with regard to our trading partners.

• 1200

Surely under these circumstances it would be the natural consequence for Canada to take the Anti-Dumping Code and adapt to its own circumstances. It is for that reason, I would suggest, that in certain areas certain

## [Interprétation]

**Le président:** Je pense que nous devrions régler la question de la surtaxe et ensuite passer à autre chose.

**M. Gillespie:** Je pense que votre critique de la surtaxe est basée sur la question de la discrétion ministérielle. Ici, on parle de la pratique. Si j'ai bien compris, vous nous indiquez les dangers qui pourraient être contenus dans l'application de la loi.

**M. Corlett:** Je pense que c'est une déclaration juste, monsieur Gillespie.

**M. Gillespie:** Vous dites qu'il y a des dangers dans ce système.

**M. Corlett:** Oui, si l'on regarde le libellé utilisé dans le projet de loi sur l'antidumping. Mes collègues diront comme moi.

**M. Gillespie:** Merci, monsieur le président.

**M. Lambert (Edmonton-Ouest):** Monsieur le président, tout comme M. Gray, je pense que le mémoire s'oppose au principe du code de l'antidumping. On approuve et on réprouve, selon le cas, mais on reconnaît peut-être que le code sur l'antidumping est nouveau dans le cas du Canada et c'est une partie du prix que celui-ci a dû payer dans les négociations Kennedy. Le code de l'antidumping est un hybride ou une bête bien curieuse, qui a été appliqué plus en Europe qu'ici.

Nous avons déjà des mécanismes qui nous convenaient mais les Européens se sont tournés vers d'autres choses pour contrôler les importations et les barrières non tarifaires qui ne faisaient pas partie des négociations Kennedy. Les Canadiens ont pu se plaindre pendant des années, des barrières non tarifaires imposées par nos partenaires. Mais c'est dans des cas semblables que le Canada appliquera le code antidumping et l'adaptera à ses conditions. Pour cette raison, je suggère donc que, dans certains domaines, nous accep-

[Text]

parts of the Code have been accepted, but have been modified to suit our particular circumstances. That is my comment on why you may find that we approve and reprobate the Code in the proposed legislation.

There are other parts on which I will comment when we are dealing with the appropriate clauses. However, now that we are dealing with the surtax, I would say you would have a hard time, from a political point of view selling the idea that the surtax in itself is bad—I do not think you went that far—because, as you know, our market, not only in what Mr. Roberts indicated in the agricultural products, is very susceptible to end-run disposals. Therefore, we have to protect our Canadian industries. Our trading partners are highly skilled at this type of tactic, so let us not just remain there like lambs for the slaughter.

**Mr. Baylay:** Your general assessment on our brief, I think, perhaps is a bit unfair. You stated that we are for and against. We are very much more for than against. Our suggestions basically were directed to those areas where we felt improvements might be shown. We certainly are not evenly for and against.

**Mr. Lambert (Edmonton West):** I believe you have misinterpreted me, Mr. Baylay. There are a number of places in your brief where you said that the language of the statute was not in conformity with that of the Code. Then you cited other places where it was in conformity with the Code. I would suggest to you the reasons why the legislation does not follow the Code almost slavishly are that Canada has chosen to approve and reprobate because the Code in itself is something that is strange to us. Frankly, I would have liked to have seen something different, but it is part of the price that had to be paid.

**Mr. Gray:** As long as we do not feel like a group of reprobates as the result of all this, we do not need to be too concerned. That is the type of comment Mr. Danson would ordinarily make, so I thought I would get it on the record before he did.

**Le président:** Messieurs, d'autres questions concernant la surtaxe que vous trouvez à l'article 37?

**The Chairman:** If not, we will move on to paragraph 2 of the brief which deals with Ministerial discretion and refers to clause 9 on page 50, clause 10 on page 54, clause 11 on

[Interpretation]

tions telle partie du code et que nous en modifions d'autres, lorsque cela nous convient. Ce sont mes commentaires. C'est peut-être pour cette raison-là que nous approuvons et désapprouvons le code proposé dans la loi. Je ferai d'autres commentaires plus tard.

Mais tandis que nous parlons de la surtaxe, je dirai qu'il est difficile au point de vue politique de nous faire accepter la surtaxe, car elle est mauvaise en soi. Vous n'allez pas si loin que cela, car notre marché, et non seulement celui des produits agricoles, mentionné par M. Roberts, est susceptible d'être écouté comme restes de fabrication.

Alors, nous devons protéger l'industrie canadienne. Nos partenaires sont très habiles en cette matière, nous ne devons pas en rester là, à ne rien faire comme des agneaux qu'on mène à l'abattoir.

**M. Baylay:** Merci, monsieur le président. Je pense que vous êtes un peu injuste, monsieur, dans l'analyse de notre mémoire, en disant que nous sommes, à la fois, en faveur et contre le nouveau projet de loi, nous l'appuyons beaucoup plus que nous nous y opposons. Nos suggestions portent sur des améliorations à faire là où il y a lieu, et nous approuvons beaucoup plus que nous désapprouvons.

**M. Lambert (Edmonton-Ouest):** Je pense que vous m'avez mal interprété, monsieur Baylay.

On dit que la terminologie de la loi n'est pas conforme à celle du code. Vous donnez des exemples où elle est conforme au code et je vous dis que la raison pour laquelle la loi ne suit pas le code, c'est que le Canada a décidé d'approuver et de réprover, car le code en lui-même est une chose un peu étrange pour nous et j'aimerais voir quelque chose d'un peu différent, mais cela fait partie du prix qu'il faut payer.

**M. Gray:** Du moment que nous ne passons pas pour des réproverés par suite de tout ceci, nous n'avons pas à nous en faire. C'est le genre de commentaire que fait M. Danson d'habitude, mais j'ai cru bon de le faire avant lui.

**The Chairman:** Are there any other questions with regard to section 37 on the surtax?

**Le président:** Sinon, nous passons au paragraphe 2 du mémoire, qui traite de la discrétion ministérielle et qui réfère à l'article 9 de la page 50, l'article 10 de la page 54, l'article



[Texte]

page 56, clause 13 on page 58, and clause 34(1) on page 92 of the White Paper.

**Mr. Lambert (Edmonton West):** I think this paragraph really calls into question the ability of anybody to make a judgment to initiate action and in so far as clauses 9(3) (a) and 10(2) (b) which deal with the determinational value are concerned, I would say that frankly before any anti-dumping order takes place this exercise of judgment has to be confirmed by the Anti-dumping Tribunal.

As a matter of fact, the criticism here is counter to that which was contained in most of the briefs we have heard so far in that they would have liked to see greater Ministerial or Deputy Ministerial initiative in order to get cracking in the event there is a suspicion of dumping.

I do not feel that in clause 34(1) you could have anything but Ministerial discretion. How on earth could you lay down in a Code or any other legislation that judgment is not to be exercised. If there was a suspicion that there was false information, then this would arise and the Minister or the Deputy Minister may require a form of attestation under oath in order to pin someone down. I fail to see, Mr. Corlett, how it could be worded in any way other than "where in the opinion of the Minister" there has been misleading information.

• 1205

**Mr. Corlett:** Mr. Lambert, I will agree with the wording in the clause you have used as an example. This matter of whether or not there should be Ministerial discretion is something that has been argued for many years and, I presume, will continue to be argued for many years.

I merely attempted to indicate the views of what I would consider the most current authoritative publication on the subject, the Carter Report. I was not thinking of what I would call procedural matters. If there is an element of fraud involved, of course, a decision would have to be made and made quickly. In this case, of course, I should state that this brief was largely written before Mr. Grey tabled the draft Regulations relating to clauses 9 and 10. This proposed Bill seems to me to be somewhat different from many others and I appreciate the fact that of necessity it has to be.

In other words, regulations will have to be made which will spell out certain situations. In addition, there will be situations where the

[Interprétation]

11 de la page 56, l'article 13 de la page 58 et l'article 34 (1) de la page 92 du Livre blanc.

**M. Lambert (Edmonton-Ouest):** De fait, ce qu'on met en doute c'est la possibilité de rendre un jugement d'agir et en ce qui concerne les articles 9, (3) a) et 10 (2) b), qui parlent de la détermination de la valeur, je dirais, franchement, qu'avant qu'il y ait dumping ou un ordre antidumping, il faut que cette décision ou cet exercice de jugement doit être confirmé par le tribunal antidumping.

De fait, les critiques exprimées ici sont contraires à ce que l'on a entendu. La plupart du temps, les gens aimeraient qu'il y ait plus d'initiative de la part du ministre ou du sous-ministre, afin que l'on agisse rapidement lorsqu'on soupçonne qu'il y a eu dumping. Prenez l'exemple d'un cas classique, l'article 34 (1), ceci simplement pour vous démontrer pourquoi je pense qu'on ne peut pas faire autrement que de laisser le tout à la discrétion du ministre. Comment pouvons-nous dire que cela est exprimé dans un code si on ne peut pas exercer son jugement lorsque l'on soupçonne que l'on a fourni des renseignements faux?

Le ministre et le sous-ministre ont peut-être besoin d'une déclaration assermentée afin de porter une accusation. Comment pourrait-on dire qu'il y a eu de faux renseignements, si ce n'est qu'en se basant sur l'opinion du ministre? Je ne vois pas, monsieur Corlett.

**M. Corlett:** Monsieur Lambert, je suis d'accord avec l'article que vous mentionnez, la question de la discrétion ministérielle en est une dont on a parlé depuis bon nombre d'années et on va encore en parler longtemps.

J'ai simplement essayé d'exprimer l'opinion la plus courante donnée par des spécialistes en la matière dans le rapport Carter. Je ne pensais pas surtout à des questions de procédure, s'il y a fraude bien sûr, il faudra prendre une décision et cela rapidement.

Dans le cas présent, je devrais dire, cependant, que ce mémoire a été rédigé avant que M. Gray ait déposé le projet de loi relatif aux articles 9 et 10. Il me semble que ce projet est quelque peu différent de plusieurs autres et je comprends que cela doit être ainsi, c'est-à-dire, on devra établir des règlements qui se rapporteront à certaines situations en particulier. En outre, il y a des cas où le ministre ou le sous-ministre rendra des décisions et donnera des directives.



[Text]

Minister or in some instances, the Deputy Minister, will prescribe something.

I think we would agree from what we have seen of the Regulations that certain situations have been covered which relate to clauses 9 and 10 and that a real effort has been made to spell out the procedure to be followed. I presume they will be implemented by an Order in Council so they can be changed fairly quickly.

The point we wished to suggest to the Committee was that the Minister or the Deputy Minister, from what we can see, on matters not relating to procedure necessarily, but on what I would consider to be more basic things, are not given any standards at all.

In other words, the Minister or the Deputy Minister will set his own standards, they could vary and the importer might not always know exactly what standards the Minister was going to apply.

I cited to you earlier clause 9(5) which deals with imports from state trading countries.

It seems rather interesting to me that where you have open-market transactions from an open-market exporting country to Canada, the way and the circumstances under which such imports can enter Canada are spelled out in the proposed Bill and in the Regulations in great detail, but when it comes to the state-trading type of exporting country—I stand corrected if I am wrong—it appears to be set forth in clause 9(5) which says: . . .“shall be determined in such manner as the Minister prescribes.”

We merely suggested that it might be possible to somehow set out certain standards which would assist the administration of the Department of National Revenue.

• 1210

**Mr. Lambert (Edmonton West):** I would suggest, Mr. Corlett, that you are really complaining about the exercise of discretion without appeal. In that I am entirely with you and I think I said enough about that during the years I have been in the House. However, I would suggest to you that under this proposed legislation there really is appeal. In clauses 9 and 10 where you have indicated there is Deputy Ministerial discretion, in clause 11 that deals with the establishment of value and in clause 13 which, again, deals with the initiation of an investigation and may I say that all of this ultimately flows into an order or the final determination of dumping which is contained in clause 17(1) where the Deputy Minister finally makes the determination on dumping because he has received an

[Interpretation]

Notre Association est d'accord que d'après ce que nous avons vu des règlements, ils s'appliquent à certaines situations découlant des articles 9 et 10 et on a fait un effort pour établir un règlement à suivre. Il faudrait qu'il y ait un ordre en conseil pour que cela soit changé assez rapidement.

Nous voulons simplement suggérer au Comité que le ministre, ou le sous-ministre, sur des questions qui ne se rapportent pas à la procédure, mais plutôt à des questions fondamentales, n'a aucune norme; il doit établir ses propres critères qui peuvent varier. L'importateur ne saurait pas exactement quels critères le ministre va appliquer et comme je l'ai déjà dit, l'article 9, paragraphe 5, qui se rapporte aux exportations de pays où l'économie est contrôlée par l'État.

Il me semble que dans le cas de transactions libres, la façon et les circonstances entourant ces exportations sont précisées dans le bill, mais lorsqu'il s'agit d'exportations de pays où l'économie est contrôlée par l'État, si j'ai bien compris, tout cela est expliqué à l'article 5 et on laisse la décision à la discrétion du ministre. Mais on devrait établir certains critères pour aider au ministère.

**M. Lambert (Edmonton-Ouest):** Monsieur Corlett, ce dont vous vous plaignez, c'est l'exercice de la discrétion ministérielle sans appel et je suis tout à fait d'accord avec vous là-dessus, je crois en avoir assez dit à ce sujet à la Chambre pendant des années. Mais d'après cette loi, il y a un tribunal d'appel parce qu'il en est question aux articles 9 et 10, où vous parlez de la discrétion du ministre, du sous-ministre, l'article 11 se rapporte à la détermination de la valeur, à l'article 13, encore une fois, on parle d'une enquête et à l'article 34(1) on parle simplement de la discrétion ministérielle. Mais tout cela se rapporte à l'article 17(1) où on voit que c'est le sous-ministre qui doit déterminer s'il y a eu dumping parce qu'il a reçu un ordre, il a reçu la décision du tribunal. Le tribunal lui-même

## [Texte]

order or finding of the Tribunal. The Tribunal itself is certainly not exercising Ministerial discretion and it has an opportunity of looking at both side of the coin. Then, from the finding of the Deputy Minister under clause 17(1), under clause 19(1) it says:

A person who deems himself aggrieved by a decision of the Deputy Minister made pursuant to subsection (1) of section 17...may appeal...to the Tariff Board...

You may say that this is pretty tough machinery, but it is the machinery and you can go before the Tariff Board where, shall we say, the opinion of the Deputy Minister is subject to review.

**Mr. Corlett:** Mr. Lambert, I am well aware of that, but I wonder if the importer who persists that far and goes to the Tariff Board might not receive the same answer that the importer received in the Chinese paint brush case which came before the Tariff Board several years ago in the Bedos case.

In other words, the Tariff Board, as I remember it and again I stand subject to correction, in that case where the Minister had prescribed a country that would be used for determining fair market value which, in that case, was the United Kingdom, took the position that this was something they were not competent to review because there was Ministerial discretion.

**Mr. Lambert (Edmonton West):** I will not argue on that point because I do not know whether the two situations are similar and I cannot say whether the legislation under which the Tariff Board felt it was acting would be comparable to this proposed legislation. Therefore, I would hope that the Tariff Board would not, shall we say, severely limit itself in that way, which is really a denial of the right of appeal.

**Mr. Corlett:** The Minister had acted in that case under Section 38 of the Customs Act on page 34 of the White Paper which states:

...the value for duty shall be determined in such manner as the Minister prescribes.

This was what we had in mind.

**Mr. Lambert (Edmonton West):** This is the value for duty. Yes, I recall there was an awful fuss, too, at other times about Ministerial discretion.

**Mr. Corlett:** Yes.

## [Interprétation]

n'exerce certainement pas une discrétion ministérielle. Il a l'occasion d'étudier les deux côtés de la question. Mais en plus de l'article 17(1) où il est question de la décision du sous-ministre, il y a l'article 19 (1) où on dit, et je cite.

19. (1) Une personne, qui s'estime lésée par une décision du sous-ministre, rendue en conformité du paragraphe (1) de l'article 17 ou du paragraphe (4) de l'article 18, relativement à des marchandises, peut appeler de cette décision à la Commission du tarif.

Vous êtes sans doute d'avis que c'est une procédure ardue, mais c'est celle qui existe en Europe où la décision du sous-ministre est sujette à révision devant la Commission du tarif.

**M. Corlett:** Mais, monsieur Lambert, je sais bien tout cela, mais je me demande si l'importateur se rendra jusque-là et ira devant la Commission du tarif. Ne recevra-t-il pas la même réponse que l'importateur a reçue dans le cas des pinces importées de Chine, le cas Bedos, lorsqu'il avait porté cette affaire devant la Commission du tarif?

Si je me souviens bien, la Commission du tarif, dans ce cas, alors que le ministre avait prescrit quel serait le pays qui serait le point de comparaison, en l'occurrence le Royaume-Uni, avait déclaré qu'elle n'était pas en mesure d'étudier cette question, étant donné que le ministre avait exercé son droit de discrétion ministérielle.

**M. Lambert (Edmonton-Ouest):** Je ne suis pas prêt à discuter avec vous sur cette question, car j'ignore si les deux situations sont identiques, je ne sais pas si la législation dont s'était inspirée la Commission des tarifs était comparable à celle qui est proposée. Par conséquent, j'espère que la Commission du tarif ne se limitera pas strictement de cette façon. Ce serait nier le droit d'appel.

**M. Corlett:** Dans ce cas, le ministre avait agi d'après l'article 38 de la Loi du tarif, à la page 34 du Livre blanc, qui dit:

la valeur imposable doit être déterminée de la manière que le ministre prescrit.

C'est ce à quoi nous avons pensé.

**M. Lambert (Edmonton-Ouest):** C'est la valeur imposable. Il y a eu pas mal de critiques à ce moment-là au sujet des pouvoirs discrétionnaires du ministre.

**M. Corlett:** En effet.



[Text]

**Mr. Lambert (Edmonton West):** This is something where I think you are quite right in drawing it to our attention, but I suggest to you that in this particular case the Tariff Board will not, I think, severely limit itself and this is not as dangerous as you might think.

**Mr. Gray:** I just wanted to ask Mr. Arthur or Mr. Hind to comment on what appears to be some specific rights of appeal spelled out in the draft Bill along the lines suggested by Mr. Lambert—appeals to the Tariff Board and the Exchequer Court under certain circumstances. I wonder if we could get their views on what the proposed legislation is intended to do.

**Mr. Arthur:** Mr. Chairman, the appeal provisions of the draft Bill that is before you are carried forward from the present Customs Act. On a decision by the Deputy Minister on matters of fact, these are appealable to the Tariff Board and on matters of law to the Exchequer Court. These are similar to the provisions that now exist under the Customs Act.

**The Chairman:** Do you have any comment, Mr. Hind?

• 1215

**Mr. Hind:** Mr. Chairman, dealing first of all with the specific point raised by Mr. Corlett which relates to clause 9(5) on page 52 of the White Paper, this is an effort, as I understand it, to indicate how the normal value should be determined in respect of goods coming from countries in which there are state-controlled economies. It will be noted that in such circumstances the normal value "shall be determined in such manner as the Minister prescribes."

This is the point to which the witness has taken exception. For what it may be worth, this method of determination has been lifted bodily and in similar terms from the Customs Act as it now exists, namely section 38(a). In this particular section where goods come from a country with a state-controlled economy, the Minister of National Revenue does prescribe the manner in which the normal value is to be determined. So the proposed provision is a carry-over from what has been in the law since it was last changed in 1958.

**Mr. Danson:** I just wanted to remark that the witnesses might be interested in what I sense is sort of a new spirit in this Committee. There seems to be some general agreement due, perhaps, to the fact that over the

[Interpretation]

**M. Lambert:** Vous avez tout à fait raison d'attirer notre attention sur cela, mais je propose dans ce cas particulier, que la Commission n'ait pas à se limiter strictement. Ce n'est pas aussi dangereux que vous le prétendez.

**M. Gray:** J'aimerais simplement demander à M. Arthur ou à M. Hind de nous parler des droits spécifiques à l'appel qui sont précisés dans le projet de loi. Il serait peut-être utile d'obtenir vos idées là-dessus.

**M. Arthur:** Monsieur le président, les dispositions concernant l'appel dans le projet de loi que vous étudiez, font à présent partie de la Loi sur les douanes. Sur décision du sous-ministre on peut faire appel, dans le cas de questions juridiques, à la Cour de l'Échiquier et, dans le cas des questions de fait, à la Commission du Tarif; ces dispositions sont semblables à celles qui existent en vertu de la Loi sur les douanes.

**Le président:** Avez-vous des commentaires à faire, monsieur Hind?

**M. Hind:** Monsieur le président, d'abord je parlerai du point soulevé par M. Corlett, au sujet de l'article 9 (5), à la page 52 du Livre blanc.

Si j'ai bien compris, on a essayé d'indiquer comment la valeur normale devrait être déterminée en ce qui concerne des importations de pays où le commerce est contrôlé par l'État.

Dans de telles circonstances, la valeur normale sera déterminée de la manière que prescrit le ministre.

C'est le point auquel s'oppose le témoin; quelle que soit sa valeur, cette méthode de déterminer a été prise entièrement de la Loi des douanes comme elle existe en ce moment, c'est-à-dire de l'article 38 (a). Dans cet article où les marchandises viennent d'un pays à économie contrôlée, le ministre du Revenu national prescrit la façon de déterminer la valeur normale. Par conséquent, les dispositions projetées découlent de ce qui existe dans la Loi en ce moment, depuis la dernière révision en 1958.

**M. Danson:** Je voudrais simplement vous faire remarquer, les témoins s'intéresseront peut-être à savoir qu'il y a un nouvel esprit dans le comité. On semble s'être mis d'accord parce que nous avons appris à mieux connaître



[Texte]

weeks we have become much more familiar with the legislation because we have heard so many briefs and answers from the Departmental officials.

It also could be that the members of other parties feel confident in the ability of the government to administer and are quite satisfied that it will be satisfactory or...

**Mr. Lambert (Edmonton West):** Do not be too sure.

**Mr. Danson:** ... or contrarily they may expect to be the government that will have to administer it.

**The Chairman:** I would like to make a comment before you go too far. You are a new member on this Committee.

**Mr. Danson:** This question of Ministerial discretion is one that has come up many times, but in two other briefs which we will hear later today, they actually commend the broad use of discretion.

I think there seems to be a concern that this discretion might be misused. There have been references to previous misuse of such discretion and I suggest, as I have come to see in my short time here, a new attitude in trade patterns which does require this.

We are building up a series of precedents and the old precedents need not necessarily apply and I do not think they will apply. Having had some experience on some of the Kennedy Round negotiations on the other side of the table, we felt very much the same apprehensions that have been expressed which, in effect, were groundless.

The Department of National Revenue has been a bit of a whipping boy at some of these hearings, but I think they were subject to old legislation and old interpretations and considering this quite new attitude towards trade, I think this discretion has really been used quite wisely. Even the fact that we have been discussing the state-trading countries is really something new in our trade patterns and I think a lot of the fears that have been expressed are without foundation.

Quite seriously, in reference to my previous remarks, I think we, as a Committee, now are finding less about which we are concerned and consensus on some things about which we are concerned that will come up in our deliberations. I think the fears of some of the witnesses are, perhaps, not as serious as they might think they are at this time.

**Mr. Baylay:** I think the main point Mr. Corlett was making was, in part, that the normal valuations are spelled out very, very

[Interprétation]

tre la loi depuis quelques semaines, grâce aux nombreux mémoires soumis et aux témoignages des fonctionnaires du ministère; cela veut peut-être dire aussi que les membres du comité, qui font partie de l'opposition, ont une meilleure confiance dans le parti au pouvoir.

**M. Lambert (Edmonton-Ouest):** N'en soyez pas trop certain!

**M. Danson:** Ils espèrent peut-être être le gouvernement qui va l'administrer.

**Le président:** Je voulais vous arrêter avant que vous n'alliez trop loin. Vous êtes un nouveau membre du Comité.

**M. Danson:** Franchement, cette question du pouvoir discrétionnaire du ministre a été soulevée souvent, et dans deux mémoires que nous entendrons aujourd'hui, on se félicite de la latitude accordée au ministre, mais on semble s'inquiéter de l'abus possible de ce pouvoir et je pense, du moins c'est mon opinion, on a une nouvelle attitude dans le commerce, ce qui rend cela nécessaire.

On semble établir une série de précédents, mais ces précédents ne s'appliqueront pas nécessairement. Ayant eu une certaine expérience dans les négociations du Kennedy Round, de l'autre côté de la table, nous avons constaté la même appréhension que l'on a exprimée ici, mais ces craintes étaient sans fondement.

Je pense que le ministère est souvent fustigé, mais maintenant, grâce à une attitude tout à fait nouvelle envers le commerce, il utilise cette latitude à bon escient, et le simple fait que nous faisons affaires avec des pays à économie contrôlée par l'État est une chose tout à fait nouvelle. Un grand nombre des craintes exprimées sont sans fondement et, sérieusement, je pense que les points qui nous inquiètent sont aujourd'hui moins nombreux et que les craintes qui subsistent paraîtront plus tard moins graves.

**M. Baylay:** Je pense que le point principal de M. Corlett c'est que l'évaluation normale est déterminée très clairement, et pourquoi ne

[Text]

clearly and we wonder why the same thing could not be done for state-operated countries. We have been told that we have recourse to appeal, but it could cut down appeals enormously, I think, if the ground rules were known.

• 1220

**Mr. Corlett:** In reply to Mr. Danson, I think before he came in, on this matter of Ministerial discretion, I had cited one instance where Mr. Gray of the Department of Finance on page 19 and 54 of the printed evidence in dealing with this problem we have been discussing recently, namely imports from state-trading countries, referred to what he called "The internationally accepted practice" of dealing with this by looking to the nearest or neighbouring free-market country for the purposes of determining value for duty. We do not quarrel with that one bit. We know this is about the only way Canadian customs can deal fairly with this.

However, my point merely by way of comment was that what Mr. Grey said on those two pages might not necessarily be the practice 25 years from now using the language in clause 9(5). We wondered if it would be possible to have these standards spelled out in regulations of some kind. Now, it may not be feasible, I do not know.

**Mr. Danson:** I was here at the time you mentioned that. All I am suggesting is that the legislation is different now than it was 25 years ago or even a few years ago.

**Mr. Corlett:** Yes.

**Mr. Danson:** The flexibility is probably required to roll with the situation. That is why it is so important that there be discretionary powers, the administration be adequate and the Tribunal be a good one.

**The Chairman:** Are there any more questions, gentlemen, on the paragraph dealing with Ministerial discretion?

Sinon, nous allons passer au paragraphe suivant qui traite des règlements et fait des références à l'article 35 du Livre blanc, que vous trouverez à la page 94, à l'article 9 aux pages 48-52, et l'article 10, page 52, et je reconnais M. Gillespie.

**Mr. Gillespie:** Mr. Chairman, under the paragraph dealing with the Regulations, the brief states that they have not commented on these Regulations, perhaps because they have

[Interpretation]

pourrait-on pas faire la même chose pour les pays totalitaires? On nous dit qu'il y a un tribunal d'appel, mais on pourrait réduire le nombre des appels considérablement en édictant des règles de base claires et précises.

**M. Corlett:** Pour répondre aux commentaires de M. Danson, au sujet des pouvoirs discrétionnaires du ministre, j'ai parlé du cas de M. Grey du ministère des Finances, aux pages 19 et 54 de notre exposé, où justement il est question de ce genre de problèmes, par rapport aux pays où le commerce est contrôlé, par l'État et à la page 54 où il parle de pratiques coutumières, et cette pratique veut que le marché du pays libre le plus rapproché soit utilisé pour déterminer le prix.

Nous sommes d'accord avec ce moyen car ce semble être la seule façon vraiment de faire face à la situation, mais ce que je voulais vous dire c'était que ce que M. Grey a dit sur ces deux pages-là ne vaudra peut-être plus dans vingt-cinq ans, selon le libellé de l'article 9 (5). Je me demande tout simplement s'il serait possible d'obtenir que ces normes soient inscrites dans des règlements quelconques. Je ne sais pas si la chose est possible.

**M. Danson:** J'étais ici à ce moment-là, et tout ce que je suggère c'est que les dispositions actuelles, sont très différentes de celles d'il y a vingt-cinq ans, et il faut donc une certaine souplesse...

**M. Corlett:** Oui.

**M. Danson:** ...peut-être pour faire face à la situation; voilà pourquoi les pouvoirs discrétionnaires sont si importants et pourquoi je crois que le tribunal devrait être un très bon tribunal.

**Le président:** Y a-t-il d'autres questions au sujet des pouvoirs ministériels?

**The Chairman:** Otherwise we are going to move on to the next subsection dealing with the Regulations which refers to Section 35 of the White Paper, which is on page 94, in section 9 on pages 48-52, and in section 10, page 52, and I will give the floor to Mr. Gillespie.

**M. Gillespie:** Par rapport à cet article qui porte sur les règlements, le mémoire souligne n'avoir pas commenté les règlements en question, peut-être parce que ses rédacteurs n'é-



*[Texte]*

not seen those which were issued with respect to clauses 9 and 10. I wonder if you have seen those Regulations now since writing your brief and if so, have you any comment on them?

**Mr. Corlett:** Yes, we have seen them, Mr. Gillespie. I think I will probably let that question be answered by one of my colleagues who is engaged in the business of importing. All I can say is that on balance I would think that Canadian importers would be quite happy with the draft Regulations we have seen.

**The Chairman:** Are there any comments from the other members of the delegation on the Regulations?

**Mr. Baylay:** We concur.

**Mr. Gillespie:** Thank you, Mr. Chairman.

**The Chairman:** Are there any other questions, gentlemen, on the paragraph dealing with the draft Regulations?

**Mr. Arthur:** I would like to comment on one point that was raised by the witness at the time he was originally commenting on the draft Regulations. He made reference to certain sections which were said to be included or would be included and I think it was made very clear at the time Mr. Grey tabled the Regulations, particularly those relating to brand name products that the sections in the Customs Act that presently deal with brand name products would be lifted and put into the Regulations or into the draftbill. As we mentioned to the Committee these would follow the provisions that now exist in the Customs Act covering these products.

**The Chairman:** Mr. Hind, do you have any comments?

**Mr. Hind:** No, sir.

**The Chairman:** We will now move on to the next paragraph which deals with...

**Mr. Hales:** Before we move on, do I understand that the Canadian Importers Association have seen the Regulations which Mr. Grey tabled at this Committee, have studied them and are in agreement with them?

• 1225

**Mr. Corlett:** Yes, but subject to this comment, Mr. Chairman. In this draft form they are not, of course, complete, but I think it is fair to say that based on what has been set

*[Interprétation]*

taient pas au courant des règlements passés concernant les articles 9 et 10.

Maintenant, avez-vous vu ces règlements depuis?

**M. Corlett:** Oui, monsieur Gillespie. J'ai préféré laisser un de mes collègues, importateur, répondre à cette question. Tout ce que je peux dire moi-même, c'est qu'à tout prendre, je crois que l'importateur canadien est satisfait de l'avant-projet des règlements que nous avons vu.

**Le président:** Y a-t-il d'autres commentaires sur les règlements de la part des autres membres de la délégation?

**M. Baylay:** Nous sommes d'accord avec ce qui a été dit.

**M. Gillespie:** Merci, monsieur le président.

**Le président:** D'autres questions là-dessus? Oui, monsieur Arthur.

**M. Arthur:** J'aimerais dire un mot sur un point qui a été soulevé par le témoin. Lorsqu'il parlait des règlements, il a parlé de certains articles qui étaient censés être inclus, et je crois qu'on a précisé à ce moment-là, lorsque M. Grey a déposé le règlement, surtout en ce qui se rapporte aux produits portant des marques connues, que les articles de la Loi sur les douanes qui se rapportent aux produits portant sur les marques de commerce sont intégrés dans la loi; on suivrait ainsi les dispositions actuelles de la Loi sur les douanes par rapport à ces produits.

**Le président:** Y a-t-il des commentaires?

**M. Hind:** Non, monsieur.

**Le président:** Nous allons passer au paragraphe suivant.

**M. Hales:** Dois-je comprendre que l'Association des importateurs a vu et étudié les règlements soumis au Comité et leur a donné son accord?

**M. Corlett:** Au sujet de ce point, monsieur le président, dans le projet de texte que nous avons ici, les règlements ne sont pas complets, mais je crois que nous pouvons nous



[Text]

forth in this draft the importers, by and large, would support them.

**The Chairman:** Is that satisfactory, Mr. Hales?

**Mr. Hales:** Yes, thank you.

**The Chairman:** We will now move on to paragraph 4 which deals with the definition of injury. There is some reference to Article 3 of the Code on page 9, clause 16(4) on page 70 of the White Paper and Article 4 of the Code on page 15 of the White Paper.

**Mr. Lambert (Edmonton West):** Mr. Chairman, as I said earlier in a general way because the Code was a non-Canadian approach that it is preferable for the Canadian Tribunal to determine what injury shall be. Let us adapt the terminology of injury to the Canadian circumstances. That is my answer to the observations.

**Mr. Baylay:** Is that in the spirit of the Code, sir?

**Mr. Lambert (Edmonton West):** I would think so.

**The Chairman:** Are there any other questions, gentlemen on the paragraph dealing with the definition of injury?

Des commentaires de MM. Hind ou Arthur?

The next paragraph deals with dumping duty which may be less than full margin. It refers to Article 8 of the Code on page 19 of the White Paper. Are there any questions, gentlemen?

**Mr. Arthur:** Mr. Chairman, the only comment I would like to make on this suggestion of the Association is that as I understand Article 8(a), it is permissive and not mandatory. I think it can be said that any massive dumping would be—I am sorry I am referring to the wrong paragraph and the wrong comment.

As I understand the question that was put by the Association, they stated that the dumping duty might be less than the full margin of duty. I will go back to the comment I made at the beginning that Article 8(a) is permissive and not mandatory, so in our case we have taken it to be the full amount.

**Mr. Corlett:** This comment was made Mr. Chairman, simply upon scanning the Code. We saw this provision, but did not see anything comparable to it in the proposed legislation. We were curious to know why the

[Interpretation]

fonder sur ce qui a été dit dans l'exposé et croire «que les importateurs les approuveront».

**Le président:** M. Hales, êtes-vous satisfait?

**M. Hales:** Merci.

**Le président:** Nous allons maintenant passer au paragraphe 4 qui se rapporte au préjudice: on y fait allusion à l'article 3 du Code, au paragraphe 16(4) du livre blanc et à l'article 4 du Code.

**M. Lambert (Edmonton-Ouest):** Monsieur le président, comme je l'ai dit plus tôt en général, le code est une façon non canadienne d'aborder la question; je crois qu'il vaudrait mieux que le tribunal canadien détermine le préjudice, qu'il rédige en fonction du Canada le libellé du préjudice. C'est là mon point de vue.

**M. Baylay:** Est-ce que c'est dans l'esprit même du code?

**M. Lambert:** Oui, je crois.

**Le président:** D'autres questions se rapportant à la définition du préjudice?

**The Chairman:** Any comments from Messrs. Hind or Arthur?

**Le président:** Le prochain paragraphe se rapporte aux droits de dumping qui sont moins qu'entiers; en cause, l'article 8 du code international, à la page 19 du livre blanc. Des questions?

**M. Arthur:** La seule remarque que je voudrais faire sur cette suggestion de l'Association, c'est que, si je comprends bien, l'article 8 a), permet mais n'oblige pas. Je crois que l'on peut dire que tout dumping massif considérable, pardon j'ai le mauvais paragraphe ici, et par conséquent la mauvaise remarque.

La question posée par l'association, concerne le fait que le droit antidumping peut être un montant inférieur à celui des droits réguliers d'importation, et je reviens au commentaire que je faisais au début, que c'est une permission et non pas une obligation. Nous supposons que ce sera le plein montant.

**M. Corlett:** Ce commentaire, monsieur le président, fut inspiré par un simple examen du code. Nous avons remarqué cette disposition, n'ayant rien trouvé de comparable dans la loi. Nous voulions savoir pour quelles rai-

[Texte]

Canadian government would not do it. Mr. Arthur has, I think, explained this, but at the time we drafted our brief we did not know.

**Mr. Arthur:** I think, Mr. Chairman, my only further comment would be that dumping duty would not apply unless injury had been determined and, therefore, it follows, I would suggest, that the full margin of dumping should apply. This is the interpretation that has been placed on it by the draftsmen.

**The Chairman:** Are there any other questions, gentlemen?

**Le président:** Si non, nous étudierons le paragraphe (6), traitant de l'article (13) du Livre blanc, à la page (58) et de l'article (5) du Code international, à la page (16).

**Mr. Hales:** My question relates to paragraph 6 dealing with departmental initiative. I think the Association are under a misapprehension when they state:

...and only in "special circumstances" will the Deputy Minister of National Revenue act on his own initiative in commencing such an investigation...

While clause 13 of the White Paper on page 58 says:

The Deputy Minister shall forthwith cause an investigation to be initiated...

I think that should dispel your fears that he will not take an active part.

● 1230

**Mr. Corlett:** We were merely curious. Because of the provision of the Code, we assumed the Canadian delegation was in agreement with the wording that eventually came up and which appears in Article 5(a) on page 16 of the White Paper. For some reason it seems to contemplate that investigations shall normally be initiated by a private complainant and the last sentence of Article 5(a) states:

If in special circumstances the authorities concerned decide to initiate an investigation...

In other words, it would appear that at the time of the International Agreement the parties were thinking in terms of the state playing a secondary role and we well realize that this is not in the proposed legislation. I think we were curious, again, to know why the government decided on the wording that is used in clause 13.

[Interprétation]

sons le gouvernement canadien ne le ferait pas.

M. Arthur l'a expliqué, mais, au moment où nous avons préparé ce mémoire, nous ne le savions pas.

**M. Arthur:** Je n'ajouterais qu'un commentaire. Les droits de dumping ne s'appliquent pas, à moins qu'un préjudice ait été reconnu. Dans ce cas, la marge de dumping devra s'appliquer entièrement; c'est là l'interprétation qu'on donne les rédacteurs du projet de loi.

**Le président:** Avez-vous d'autres questions, messieurs?

**The Chairman:** Otherwise we will move on to subsection 6 dealing with section 13 of the White Paper, on page 58, and with section 5 of the International Code, on page 16.

**M. Hales:** Au sujet de l'initiative ministérielle, le mémoire se méprend lorsqu'il interprète que c'est seulement:

dans des «circonstances spéciales» que le sous-ministre du Revenu national fera ouvrir une telle enquête en agissant de sa propre initiative.

L'article (13) du projet de loi canadienne anti-dumping prévoit que:

Le sous-ministre fait ouvrir immédiatement une enquête concernant le dumping de marchandises...

Je ne vois pas où il est dit que le sous-ministre ne doit pas initier l'action.

**M. Corlett:** Nous nous sommes demandé si les dispositions du Code... nous avons supposé que le délégué canadien avait accepté le texte de l'alinéa (a) de l'article (5), du Code à la page 16 du Livre blanc. On semble y dire que l'enquête ne sera amorcée que par une plainte individuelle et vous noterez:

Si, dans les circonstances spéciales, les autorités concernées décident d'ouvrir une enquête...

Il semble donc, qu'au moment la signature de l'accord international, on prévoyait que l'État jouerait un rôle secondaire. Nous nous sommes rendu compte que ce détail ne se trouvait pas dans notre propre projet de loi et nous nous sommes demandé pourquoi le gouvernement avait accepté le texte de l'article 13.



[Text]

It will be appreciated that at the time our brief was prepared, of course, there had not been any hearings and if there had, we certainly had not seen the printed evidence to get an idea of what the government had in mind because of the opening statements made by government representatives.

**Mr. Arthur:** Mr. Chairman...

**The Chairman:** Just a moment, Mr. Arthur, I think Mr. Hales has a comment to make.

**Mr. Hales:** I think we will be hearing a presentation this afternoon which may delve into this a little further. However, I think the Association are satisfied that it is worded the way they want it.

**Mr. Arthur:** Mr. Chairman, the only comment I wish to make on this particular paragraph in the brief is that the witness should read the remainder of that sentence which includes the words "both on dumping and on injury".

In the case of the Canadian market, considering its size, any goods that are imported which are both dumped and would cause injury would, I suggest, create those very special circumstances and for those reasons it was decided that the wording should be parallel. The assumption being that in every instance where it was stated that the Deputy Minister decided on his own initiative, those circumstances would be equally injurious as if the complaint were lodged by a Canadian producer or other interested parties.

**Mr. Corlett:** I think that is a satisfactory answer. Thank you very much.

**The Chairman:** Are there any other questions, gentlemen?

**Mr. Lambert (Edmonton West):** I have one comment. Later today we will have representations made to us that the initiative should go down as far as the regional offices. As you know, Mr. Hind indicated the other day that already instructions have been issued to the regional offices that in the matter of, shall we say, sensitive products or sensitive areas, invoices shall be sent to the head office of the Department of National Revenue for review in order to assist the Deputy Minister in deciding whether to take the initiative.

There have been many complaints about the time taken to crank up the machinery. There will be a brief presented this afternoon which will suggest that the initiative should be sent all the way down to the regional directors rather than left with the Deputy Minister.

[Interpretation]

Au moment où notre mémoire a été préparé, je crois qu'il n'y avait pas eu d'audiences, et nous ne pouvions pas nous faire une juste idée des projets du gouvernement, d'après les déclarations de ses représentants.

**M. Arthur:** Monsieur le président...

**Le président:** Un instant, monsieur Arthur, je crois que M. Hales a une question supplémentaire.

**M. Hales:** Nous pourrions étudier ce point plus à fond cet après-midi. Nous voulons savoir si, de l'avis de l'association, le texte est acceptable?

**M. Arthur:** Monsieur le président, mon seul commentaire au sujet de cet article du mémoire, c'est que, si le témoin veut bien lire le reste de l'article au sujet du dumping et du préjudice, il pourra lire que dans le cas du marché canadien, toute importation de denrées qui peut causer préjudice à l'économie du pays, est considérée comme circonstance exceptionnelle.

Et, c'est pour cette raison, je crois, que l'article fut ainsi formulé, permettant au sous-ministre d'entreprendre une enquête de sa propre initiative, dès qu'il y a eu préjudice, de la même manière que si une plainte a été déposée par un producteur canadien ou par une autre partie intéressée.

**M. Corlett:** Je crois que c'est une réponse satisfaisante. Merci beaucoup.

**Le président:** Autres questions, messieurs?

**M. Lambert:** On nous dira peut-être, plus tard aujourd'hui, que l'initiative devrait être laissée aux agents régionaux. Déjà des directives leur ont été données, voulant que, pour les produits stratégiques, les connaissances doivent être envoyés au ministère du Revenu national, afin d'aider le sous-ministre à déterminer s'il doit entreprendre une enquête. Les plaintes ont été nombreuses critiquant le temps qu'il faut pour mettre les rouages en branle; nous aurons peut-être un mémoire, cet après-midi, qui nous dira que l'initiative doit être laissée aux fonctionnaires régionaux plutôt qu'au sous-ministre.



[Texte]

● 1235

**The Chairman:** Or Parliament.

**Mr. Lambert (Edmonton West):** It depends, shall I say, on whose ox is being gored.

**The Chairman:** Mr. Hind, do you have any comment?

**Mr. Hind:** No, sir, I have no comment.

**The Chairman:** We will now move on to paragraph 7 which deals with interest on provisional duties which are returned. This paragraph makes reference to clause 15(2) of the White Paper on page 66.

Are there any comments, gentlemen?

**Le président:** Oui, monsieur Émard.

**M. Émard:** Monsieur le président, j'aimerais entendre les commentaires de M. Hind, quant à la suggestion voulant que l'on prévoie le paiement des intérêts

à un taux prescrit par les règlements,

au lieu de mentionner seulement

«les intérêts»,

comme dans le présent projet de loi.

Non, j'ai posé ma question à M. Hind... M. Hind, c'est bien cela?...

**Le président:** Je crois que vous devriez poser votre question à M. Arthur, du ministère des Finances.

**M. Émard:** A M. Arthur ou à...

**Le président:** ...habituellement, c'est le ministère des Finances qui traite des questions d'intérêt.

**Mr. Arthur:** Mr. Chairman, I do not believe that in the particular clause to which the Association has referred there is any reference to interest. I suggest this would be a substantial departure from any practice of this past if this suggestion were to be put into effect.

**Mr. Corlett:** In reply to Mr. Arthur, this perhaps was the very reason we had the temerity to raise the issue. As Canadian taxpayers we find, particularly, I must confess, at the income tax level, that if there is any deficiency in our payment the income authorities are very anxious to exact what they are entitled to under the statute by way of interest and even penalties.

If you have a situation where the government acquires more by way of provisional duty than eventually it needs to satisfy any margin of dumping, there is a statutory pro-

[Interprétation]

**Le président:** Ou au Parlement?

**M. Lambert:** Tout dépend de quelle autorité ils relèvent.

**Le président:** Avez-vous des commentaires à faire, monsieur Hind?

**M. Hind:** Je n'ai pas de commentaires, monsieur le président.

**Le président:** Passons maintenant à l'alinéa (7) du mémoire, traitant de l'article 15 à la page 66,... Avez-vous des commentaires, messieurs?

**The Chairman:** Yes, Mr. Émard.

**Mr. Émard:** Mr. Chairman, I would like to hear Mr. Hind's comments on the suggestion which has been to the effect that interest should be paid

at a rate set down by regulations,

rather than just mentioning  
"interest"

as set down in the draft Bill.

No, my question was intended for Mr. Hind... Is that right, Mr. Hind?

**The Chairman:** I think you should direct your question to Mr. Arthur, from the Department of Finance.

**Mr. Émard:** To Mr. Arthur or to...

**The Chairman:** ...the Department of Finance usually deals with questions of interest.

**M. Arthur:** Monsieur le président, je ne crois pas que, dans l'article dont parle l'Association, il soit fait mention des taux d'intérêt. A mon avis, ce serait s'écarter sensiblement de la coutume établie que de donner suite à cette proposition.

**M. Corlett:** Si je puis répondre à M. Arthur, c'est exactement pour cette raison que nous avons eu l'audace de soulever la question. A titre de contribuables canadiens, nous constatons que si nos paiements d'impôts sur le revenu sont en retard, les autorités n'hésitent pas à exiger leur dû, ou même à imposer des amendes.

Ainsi, si le gouvernement reçoit plus sous forme de droits provisoires qu'il n'aurait dû toucher pour couvrir la marge du dumping, une disposition est prévue pour la remise des

[Text]

vision for the return of the excess amount of the importer's money. We merely stated that the government has had the use of that extra money and, therefore, they should pay interest on it. I recognize it would be a departure from past practices.

**Mr. Arthur:** Mr. Chairman, I wonder if the Importers Association would be prepared to pay interest on the amount of duty they may not have paid on the importation of goods? That is putting the situation in reverse.

**Mr. Corlett:** I would have to ask the actual importers about that, Mr. Arthur.

**Mr. Baylay:** We anticipated that we might open a can of worms. You pointed out that this would be a departure from usual practice, but as one of the members pointed out, the whole Code is a departure. If you paid interest it would be just one slight further departure to which we would have to adjust and to which I think we could.

**Mr. Lambert (Edmonton West):** On a parallel here, would the Importers Association feel that it would be a commendable departure to pay interest on the amount that has been levied and remitted under the machinery item, as it now stands? Actually, the government has had the use of the money all the time. It may take six months for the application to be processed because there is a 90-day period after the entry of the machinery in which to file an application before the board and the board may take anywhere up to 60 days to come to a determination.

**Mr. Corlett:** I would not think, Mr. Lambert, that the importer would be on a strong ground in that case because, after all, there is a statutory rate of duty and it is the result of Ministerial discretion that there is an eventual remission.

• 1240

In the case we referred to in our submission, presumably there would have been an allegation of dumping, provisional duty would have been assessed and then when it was all over, it would have been found that the government had penalized the importer too much and had collected too much by way of provisional duty.

I am frank to say I suppose we will have to wait to see how this works out. Possibly the instances where this might happen might be not too frequent, but I suppose nobody knows at the moment.

**Le président:** Je m'excuse, je crois que M. Émard avait d'autres questions à poser, à ce sujet.

[Interpretation]

sommes perçues en trop. Et, le gouvernement a pu se servir de cet argent et il devrait, croyons-nous, payer des intérêts sur ces sommes. Je reconnais qu'ainsi, on s'écarterait de la coutume établie.

**M. Arthur:** Je me demande si l'Association des importateurs serait prête à payer des intérêts sur les droits qu'ils n'ont pas acquittés au moment de l'importation. Je regarde la situation d'un point de vue opposé.

**M. Corlett:** Je devrai poser cette question aux importateurs.

**M. Baylay:** Nous avons prévu que cela pourrait nous mener loin. Vous dites que cette suggestion vous amènerait à vous écarter de la règle établie; mais le projet de loi tout entier s'écarte de la procédure suivie jusqu'ici, et cette suggestion n'ajouterait qu'un détail à l'ensemble.

**M. Lambert:** L'Association des importateurs estime-t-elle qu'il serait bon de payer des intérêts sur les droits perçus et remis au poste outillage. De fait, le gouvernement a eu cet argent en sa possession, pendant tout ce temps. L'étude de la demande peut prendre six mois: La plainte peut-être déposée jusqu'à 90 jours après l'entrée du produit au pays, et la Commission peut prendre 60 jours avant de rendre une décision.

**M. Corlett:** Je suppose que l'importateur ne saura guère faire valoir son point, car, le cas est déjà prévu par la loi, et la décision est laissée au ministère.

Mais, dans notre mémoire nous supposons un cas où il y a eu dumping, des droits ont été prélevés et où par la suite, on constate que le gouvernement a imposé une trop forte amende à l'importateur, sous forme de droits provisoires. Il faudra attendre pour voir ce que cela donnera. Ces cas-là ne se présenteront peut-être pas très fréquemment, probablement personne ne le sait.

**The Chairman:** I apologize, I think Mr. Émard had other questions to ask on this subject.



[Texte]

**M. Émard:** C'est que cela nous reporte indirectement à une autre suggestion qui a été présentée dans le «brief» de ce matin, l'article 3, à la page 8, qui dit:

Avant que le décret de ce statut soit promulgué, les règlements devraient être publiés et mis à la disposition des partis intéressés.

Alors, j'aimerais savoir de monsieur Arthur, ce que son département a l'intention de faire quant à la publication des règlements. Est-ce qu'ils vont être à la disposition de tout le monde, ici, avant que le statut soit promulgué?

**Le président:** Je crois que, monsieur Émard, certains règlements ont été émis depuis que le mémoire a été préparé. Est-ce que M. Arthur a d'autres commentaires?

Lorsque ce mémoire a été préparé, monsieur Émard, l'association n'était pas familière avec les règlements qui ont été publiés à la suite, par le ministère des Finances. Et, l'association en a une copie et ils ont répondu à certaines questions et que, pour le moment, ils sont satisfaits de ce qu'ils ont eu. Alors, est-ce que M. Arthur voudrait ajouter quelque chose à ces commentaires, pour répondre à la question de M. Émard? D'autres questions, monsieur Émard?

**M. Émard:** Oui, j'aurais une dernière question que je voudrais demander à M. Cornett, s'il vous plaît?

En plusieurs occasions, vous avez mentionné la discrétion ministérielle, ce matin. À votre avis, est-ce que la présente loi, d'une façon générale, délègue trop de pouvoir à l'administration?

**Mr. Corlett:** Mr. Emard, I think that is a rather difficult question to answer. It seems to me as has been mentioned by some of your colleagues on the Committee that we are moving into sort of uncharted seas and we will just have to live with it the best way we can. We, of course, as importers subscribe to what the government is doing. I think some of the protracted conversation earlier which was initiated by myself, perhaps, was merely an attempt to see if it would be possible or to suggest—the Committee will make the decision, not any of the witnesses—that perhaps it would be possible to have certain standards set forth in the Regulations where there is Ministerial discretion which would make it easier, I think, from the importer's point of view. He would know what standards the Minister or the Deputy Minister will follow within reason. It was our view, and I cited the state trading section—I have forgotten the

[Interprétation]

**Mr. Émard:** I think this relates indirectly to another suggestion set out in the brief this morning, section 3, on page 8, which says:

Before issuing the decree of this statute, regulations should be published and put at the disposal of all interested parties.

I would like to ask Mr. Arthur what his Department intends to do with regard to publishing the Regulations. Will they be at everyone's disposal here, before the statute is enacted?

**The Chairman:** I think, Mr. Émard, that certain Regulations have been issued since the brief was drafted. Has Mr. Arthur anything else to say?

When this brief was prepared, Mr. Émard, the Association was not aware of the Regulations which were published afterwards, by the Department of Finance. The Association has a copy of this now; they have answered certain questions and, for the time being, they are satisfied with what they have received. Does Mr. Arthur want to add something to these comments to answer Mr. Émard's question?

**Mr. Émard:** I have a final question which I would like to direct to Mr. Corlett, if I may.

On a number of occasions, this morning, you mentioned Ministerial discretion. In your opinion, do you think that the present Act, in general, delegates too much power to the administration?

**M. Corlett:** Monsieur Émard, c'est une question à laquelle il est difficile de répondre. Comme certains de vos collègues l'ont mentionné, nous nous engageons dans une mer inconnue et il faudra chercher à en tirer le meilleur parti possible. Bien sûr, à titre d'importateurs, nous acceptons ce que propose le gouvernement. Mais certains des entretiens que j'avais amorcés moi-même étaient tout simplement une tentative pour déterminer s'il serait possible—c'est le Comité qui en définitive prendra la décision—s'il serait possible d'établir sous forme de règlements, certains critères pouvant aider le ministère à prendre une décision juste.

Cela faciliterait les choses aux importateurs, car nous saurions quelles sont les normes sur lesquelles se fondera le ministre ou le sous-ministre. Je ne sais pas de quel article il s'agit, mais on dit que le ministre prescrira. Je ne suis pas en mesure de faire d'autres



[Text]

number now—where it merely said the Minister will prescribe. Beyond that I do not think I am in a position to comment because we just have to see, I suppose, how this works out.

**The Chairman:** I have on my list Mr. Hales, followed by Mr. Danson.

**Mr. Hales:** I have just a brief question. Throwing in this innovation of asking government to pay interest on money, I think first we must realize that the maximum period would be 90 days. Perhaps Mr. Corlett would like to give us an illustration of how much might be involved. Perhaps an importation at a value of "X" dollars at 8 per cent and what is involved?

**Mr. Corlett:** I do not know how far I can go along that line Mr. Hales. I notice the provision in clause 15(2) says that the government will return the money to the importer "forthwith". I am aware of other situations involving other branches of the Government of Canada, not the Department of National Revenue, where forthwith might be any where up to six, seven or eight months.

• 1245

On the other hand, looking at the French version, "forthwith" would appear to me to be "dès que", which would mean "as soon as". "As soon as" would actually be more precise in my opinion than "forthwith". In the English version all they say is "forthwith". What is forthwith?

**Mr. Lambert (Edmonton West):** Forthwith following.

**Mr. Hales:** You are saying, Mr. Corlett, that it could be more than 90 days. The decision must be made in 90 days but the money may not be returned in 90 days?

**Mr. Corlett:** I submit this is a possibility.

**Mr. Hales:** What are the amounts of some of these importations the assessments may be made on? Would \$100,000 be an average amount?

**Mr. Corlett:** I do not think we are in any position to give any figure, Mr. Hales, because this clause is not in effect yet. However, apparently the legislators felt this might be a possibility, and they have made provision for it in clause 15.

**Mr. Hales:** You must feel that it is enough money to be interested in putting this in here.

[Interpretation]

commentaires; il faudra attendre les événements.

**Le président:** Monsieur Hales, puis monsieur Danson.

**M. Hales:** Une brève question au sujet de cette innovation. Si on demande au gouvernement de payer l'intérêt sur cet argent, je pense que la période maximum devrait être de 90 jours. Peut-être que M. Corlett pourrait nous donner un exemple et nous dire de combien il s'agira pour l'importation.

**M. Corlett:** Je ne sais pas jusqu'où je peux aller, monsieur Hales. L'alinéa 15 (2) dit que le gouvernement retournera «immédiatement» l'argent à l'importateur. Je connais d'autres ministères (il ne s'agit pas du ministère du Revenu national) où «immédiatement», veut souvent dire six ou sept mois. D'autre part, si on regarde la version française, «forthwith» devient «dès que possible». Je pense que c'est un terme plus précis en français. En anglais, le terme «forthwith» est très imprécis.

**M. Lambert (Edmonton-Ouest):** Qu'est-ce qui suivait?

**M. Hales:** Monsieur Corlett, vous dites qu'il peut s'agir de plus de 90 jours. La décision doit être prise en moins de 90 jours, mais, souvent, l'argent n'est pas encore retourné.

**M. Corlett:** Oui, c'est une possibilité.

**M. Hales:** La somme peut-elle être évaluée, en moyenne, à \$100,000?

**M. Corlett:** Nous ne sommes pas en mesure de vous donner des chiffres, monsieur Hales, car l'article n'est pas encore en vigueur. Nos législateurs ont pensé que ce serait une possibilité. On a pris des dispositions à l'article 15.

**M. Hales:** Pensez-vous qu'il y a assez d'argent en cause pour que cela soit intéressant?

[Texte]

**Mr. Corlett:** It might be or it might not be. We are in no position to estimate what the excess amount might be.

**Mr. Hales:** Unless you are prepared to give us some examples of how much money is involved I do not think we should proceed any further with it.

**The Chairman:** Yes, Mr. Behrens?

**Mr. A. H. Behrens (Canadian Importers Association):** Mr. Hales I do not think we can say how much is involved nor would we have such statistics from individual importers. However, we should not lose sight of the fact that we have a number of small importers as members, and of the fact that importers also borrow money from banks. If unexpectedly they have to pay provisional dumping duty which later they get back most likely they will not have been able to pass it on to their customers. It could be goods that have been ordered at a price before, so it is a loss to them.

Furthermore it could well be that they have to borrow through the bank at, let us say, 7 per cent or  $7\frac{1}{2}$  per cent, something like that. I think it would only be fair that they get compensation on the interest account on money that is not available, and that they might have had to borrow.

On the other hand, I have seen examples where by statute an interest was set years ago. I have seen, for instance, in Toronto under the expropriations act or whatever it is called, interest set at 5 per cent. This is still on the books. You find people who have land expropriated who get 5 per cent on a delayed payment on land on which they pay mortgage interest of 8 or  $8\frac{1}{2}$  per cent. So I think it is only fair to consider interest even if, according to Mr. Arthur, it is a departure from the past.

**Mr. Danson:** Mr. Corlett mentioned the witnesses had the temerity to bring this up, but I think it is perhaps something that every taxpayer, particularly businessmen have considered for many years. This is, as Mr. Arthur says, a novel departure.

Mr. Baylay, I think, called it a can of worms and it sure is. We are talking about a lot of money that businessmen sometimes have to tie up. Mr. Lambert spoke of the machinery remissions and I recall having something in the area of \$30,000 tied up for perhaps a period of three or four months, which at a quick calculation is something like \$700. It is a two-way street. Businessmen and taxpayers are not chattels of the government. We pay interest when we are late in our payments.

[Interprétation]

**M. Corlett:** Je ne sais pas. Nous ne sommes pas en mesure d'évaluer cette somme excédentaire.

**M. Hales:** Alors, si vous ne pouvez pas nous donner d'exemples, je ne pense pas que nous devrions aller plus loin.

**Le président:** Monsieur Behrens.

**M. Behrens (Association des importateurs canadiens, Inc):** Monsieur Hales, je ne pense pas que nous savons de combien il s'agit et les statistiques des importateurs privés ne nous l'indiquent pas non plus. Il y a un certain nombre de petits importateurs qui sont membres de notre Association et qui tirent leur argent de la banque. S'ils doivent payer des droits d'antidumping provisoires, ils ne pourront pas les faire payer par leurs clients; c'est alors une perte pour eux.

Ils devront peut-être emprunter à la banque, à 7 p. 100 ou  $7\frac{1}{2}$  p. 100. Je crois qu'il ne serait que juste que, si l'argent n'est pas disponible immédiatement, ils devraient avoir des comptes spéciaux. Deuxièmement, il y a des cas où le taux d'intérêt a été établi, par la loi, depuis plusieurs années. Par exemple, à Toronto, la Loi sur l'expropriation avait fixé l'intérêt à 5 p. 100. C'est toujours inscrit dans les lois. Des gens qui ont été expropriés reçoivent 5 p. 100 d'intérêt sur les paiements déferés et  $8\frac{1}{2}$  p. 100 sur les hypothèques. Il n'est que juste de considérer le taux d'intérêt.

**M. Danson:** Monsieur le président, M. Corlett a mentionné que le témoin avait eu la témérité de soulever cette question. Je pense que tous les contribuables et tous les hommes d'affaires y ont songé depuis longtemps. C'est une nouvelle initiative. M. Baylay l'a appelée «un panier de crabes» et c'est sûrement vrai. Cela représente de fortes sommes. M. Lambert a parlé de la machinerie et je me souviens d'une somme de \$30,000; pour quelques mois, après un rapide calcul, cela représente environ \$700. C'est une rue à deux sens. Nous payons de l'intérêt, lorsque nous retardons nos paiements...



[Text]

**The Chairman:** Mr. Danson when you say "we" are you speaking as a Member of Parliament or as a businessman?

**Mr. Danson:** No, as a private citizen, although we cannot separate the two. It is a very interesting point. As Mr. Lambert pointed out this was a problem in the remissions program, and perhaps \$700 duty on \$30,000, which represented about \$200,000 worth of goods, is not a lot of money. It could not be passed on to the customer on goods that were ordered, as Mr. Behrens has pointed out, at prices that were fixed in advance. Perhaps it is one of the things that businessmen take into general overhead, and perhaps it is too great a discussion to open up here because as Mr. Arthur says, it is a novel departure. It is one, I think, of interest to everyone who pays taxes.

• 1250

**Mr. Gray:** Mr. Chairman, I just wanted to make a comment with reference to what Mr. Corlett said about the French text of the proposed clause. I think there is a rule of interpretation of statutes in Canada that a court is entitled to look at both the French text and the English text of the federal statute to determine the intent of the legislature. I suppose looking at the matter before it gets to the level of litigation the administrator might also be following that principle.

**Mr. Corlett:** That is quite possible, Mr. Gray. I am sure from your professional experience, as from my professional experience, we know that situations arise where the Government of Canada is obligated and intends to pay a sum of money to a taxpayer, but for inability to process quickly, quite a period of time can pass before the taxpayer gets the sum of money he is entitled to.

**Mr. Gray:** Yes, well I wanted to place on record the fact that there is a rule of interpretation of Canadian federal statutes which makes the French text of equal validity with the English, and vice versa for that purpose.

**Mr. Corlett:** Oh, I quite agree.

**Mr. Hales:** I do not think we are going to settle the interest business here this morning, but I think if we gave the assurance, or if Mr. Hind or Mr. Arthur could give the assurance to the Association that immediately following the final determination the moneys will be returned to the importer, that is what you would like, I would imagine.

**Mr. Corlett:** That, I think, is the point, Mr. Hales. However, with the greatest respect to Mr. Hind, Mr. MacDermid and Mr. Keam, I

[Interpretation]

**Le président:** Monsieur Danson, lorsque vous dites « nous », est-ce à titre de député ou d'homme d'affaires?

**M. Danson:** Non, à titre de citoyen. Il est parfois difficile de séparer les deux. C'est une chose fort intéressante. M. Lambert a dit que cela posait un problème. Je pense qu'on a déjà payé \$700 de droits de douane sur \$30,000; c'est beaucoup d'argent. Comme M. Behrens l'a dit, le client n'a pu le payer, car le prix était décidé à l'avance. Cela fait partie des frais généraux de l'homme d'affaires. C'est une trop longue discussion à commencer ici. Je pense que cela intéresse tous les contribuables.

**M. Gray:** Je voudrais dire un mot au sujet de la version française du Livre blanc. Pour l'interprétation des Statuts du Canada, il faut toujours considérer les textes français et anglais pour connaître l'intention du législateur. Je suppose que le gouvernement doit tenir compte de ce principe.

**M. Corlett:** C'est bien possible, monsieur Gray, Je suis sûr que vous et moi, comme professionnels, nous savons que, dans certains cas, le gouvernement du Canada a des obligations et s'engage à verser une somme à un contribuable. Parfois, il ne peut pas le faire rapidement. Il peut y avoir un long délai avant que le contribuable reçoive l'argent auquel il a droit.

**M. Gray:** Il y a une loi d'interprétation pour les Statuts fédéraux, qui dit que le texte français est aussi valable que le texte anglais, et vice versa.

**M. Corlett:** Je suis d'accord.

**M. Hales:** Je ne pense pas que nous réglons la question ce matin, mais si M. Hind ou M. Arthur pouvaient assurer l'Association que, lorsque la décision finale sera prise, l'argent sera retourné aux importateurs...

**M. Corlett:** Je crois que c'est le point important, monsieur Hales. Mais M. Hind, M. MacDermid et M. Keam, n'administreront pas



## [Texte]

do not imagine they are going to be administering the Department of National Revenue, say, in 50 years. This of course, is what we have in mind. Could it be put in statute form so that whoever the administrator is he sees this is what the government has to do in a situation of that kind.

**Mr. Hales:** I think it is in the statute because it says here:

...duty payable in respect of the goods, be returned to the importer forthwith following the determination made by the Deputy Minister ...

**Mr. Corlett:** But there does not seem to be any provision for interest.

**Mr. Hales:** Oh no.

**Mr. Corlett:** No.

**The Chairman:** Mr. Corlett may I ask you a question? Three times you mentioned that clause is all right for today but in 25 years there might be a different administration, and there might be a different group of public servants. There is nothing that will prevent Parliament changing everything in 25 years.

**Mr. Corlett:** That is true.

**The Chairman:** Are there any more questions?

**Le président:** Oui, monsieur Trudel?

**M. Trudel:** Monsieur le président, je ne veux pas prolonger le débat indéfiniment, mais je voudrais attirer l'attention sur ce que M. Behrens a dit:

You have selected an example of expropriation in Toronto regarding interest payment. However I believe what we are concerned with here is a service charge or an interest payment. You are concerned with the use of that money elsewhere, and having to pay or retrieve interest. I suggest to you, sir, that possibly in other statutes we are not discussing presently, this is available to the importers. The use or the loss of the revenue you are referring to can be claimed elsewhere. Although not under this particular statute. However it can be claimed by the importers when they are making their returns to the government. I do not want to further this discussion, but I feel this loss of revenue or the gain you could be making with the capital which is tied up can be retrieved. You are able to claim this on your returns.

• 1255

**Mr. Behrens:** This is quite true. The only thing I would like to underline is that we

## [Interprétation]

le ministère du Revenu national dans 50 ans. C'est à cela que nous pensons.

Nous pouvons en faire une loi. Lorsque l'administrateur le verra, on dira que c'est ce que le gouvernement veut faire.

**M. Hales:** Je pense que cela fait partie des Statuts, car on dit:

...droit payable relativement aux marchandises, être remboursé à l'importateur dès que la détermination définitive a été faite par le sous-ministre. ...

**M. Corlett:** Il n'y a pas de disposition pour l'intérêt.

**M. Hales:** Non, il n'y en a pas.

**M. Corlett:** Non.

**Le président:** Je voudrais poser une question. Vous dites que c'est très bien pour aujourd'hui, mais, dans 25 ans, ce sera peut-être différent. Le gouvernement sera peut-être différent; il y aura d'autres fonctionnaires, etc. Mais rien n'empêchera le Parlement de tout changer dans 25 ans.

**M. Corlett:** C'est vrai.

**Le président:** Avez-vous d'autres questions, messieurs?

**The Chairman:** Yes, Mr. Trudel?

**Mr. Trudel:** Mr. Chairman, although I do not want to stretch out this discussion indefinitely, I would like to draw your attention to what Mr. Behrens said:

Vous avez choisi un exemple sur l'expropriation à Toronto. Je pense qu'il s'agit de frais de service ou d'intérêt. Vous vous préoccupez de l'usage de cet argent ailleurs et du fait de recouvrer l'intérêt. Je pense que dans d'autres statuts, l'importateur peut en disposer et la perte peut être réclamée ailleurs. Mais, ici les importateurs peuvent la réclamer, lorsqu'ils présentent leur compte au gouvernement. Je ne veux pas éterniser la discussion, mais je pense que cette perte ou ce gain de revenu peut être réclamé.

**M. Behrens:** C'est bien vrai. Il y a une seule chose que je veux souligner. Nous avons

[Text]

have a number of small members and for them any small amount is a lot of money. It is a genuine expenditure and even if they claim it as an expenditure in their corporation or income tax return they still have to pay at least half of it.

On the other hand, the government during the period where provisional duty was levied and found unjustified, did have the use of this money. The government also pays interest on money it has to raise in the market.

Consequently I cannot help but follow this logic and say it should pay the individual taxpayer an adequate interest during the time it has used the money. Otherwise it would be a great way of financing the government for a while.

**Mr. Bald:** Mr. Trudel, I understand what you say about charging things off as a business expense but a company has to make a profit before they can charge these expenses off, and not all companies operate at that level all the time.

**The Chairman:** Are there any other questions, gentlemen? Now we will move on to paragraph 8 which deals with the Panel of Deputy Ministers in connection with clause 30 of the White Paper at page 86. Have you any questions gentlemen? Perhaps there will be no questions of the Association representatives because this is not the first time this clause has been before the Committee. Would you like to make a remark Mr. Bald?

**Mr. Bald:** I would like to ask the representatives of the various departments what their intention was in incorporating this Panel in the Bill?

**The Chairman:** Mr. Arthur or Mr. Hind have you any comments?

**Mr. Arthur:** Mr. Chairman, as we have mentioned on a number of occasions in the past, the purpose of this Panel was to make available to the Tribunal information of an economic nature that is available in departments which may not have been available to the Panel from any other source.

**Mr. Baylay:** Would it not be still available without this paragraph, Mr. Arthur, and would not "may" instead of "shall", if it must be in there, solve the problem?

**Mr. Arthur:** Mr. Chairman, I do not think if this provision were not in the Bill that the information would necessarily be available to the Tribunal if the Tribunal may not know under other circumstances that it exists.

[Interpretation]

beaucoup de petits membres et, pour eux, une petite somme représente beaucoup d'argent. C'est une dépense. Même si dans le rapport d'impôt on la mentionne comme dépense, il faut en payer au moins la moitié. D'autre part, au cours de cette même période, le gouvernement a prélevé des droits provisoires et a joui de cet argent. Le gouvernement doit aussi payer l'intérêt sur l'argent qu'il a retiré du marché. Tout cela me paraît très logique: le gouvernement devrait payer un intérêt convenable pendant le temps où il a eu l'argent à son usage. Autrement, ce serait un excellent moyen de financer le gouvernement pendant un certain temps.

**M. Bald:** Je comprends que cela peut être facturé comme une dépense, mais les compagnies n'opèrent pas toutes de la même façon.

**Le président:** Avez-vous d'autres questions? Nous passons au paragraphe 8, Comité consultatif de sous-ministres, au sujet de l'article 30 du Livre blanc, page 86. Avez-vous des questions, messieurs? Peut-être qu'on ne posera pas de questions, messieurs, parce que ce n'est pas la première fois qu'on en parle. Monsieur Bald, voulez-vous ajouter quelque chose?

**M. Bald:** Je voudrais demander aux représentants des divers ministères, ce qu'ils comptaient faire en ajoutant ce paragraphe dans le projet de loi.

**Le président:** Messieurs Arthur ou Hind, avez-vous des commentaires?

**M. Arthur:** Monsieur le président, comme nous l'avons dit à quelques reprises, le Comité pourrait remettre au tribunal des renseignements de nature économique, qui existent dans les ministères, et que le Comité n'aurait pas pu obtenir d'autres sources.

**M. Baylay:** Est-ce que les renseignements pourraient être disponibles de toute façon, sans ajouter ce paragraphe? Serait-il préférable d'écrire le verbe «pouvoir» au lieu du verbe «devoir»?

**M. Arthur:** Monsieur le président, si cette disposition n'est pas dans la loi, je ne sais pas si les renseignements seraient disponibles au tribunal, car le tribunal ne saurait peut-être pas que ces mêmes informations existent. Je



[Texte]

Again I think if the word were changed from "shall" to "may" the same circumstance would prevail in that the Tribunal would not know in what cases to make reference to the Panel.

**Mr. Corlett:** May I ask a question please? Mr. Arthur why does the government feel they have to have clause 30 when the last part of subclause (2) of clause 26 seems to give adequate right so the Tribunal can obtain advice and assistance from any agency or department of the Government of Canada.

• 1300

**Mr. Gray:** Mr. Chairman, before Mr. Arthur replies may I make a suggestion? You have said the comments of the Importers Association on this proposed Panel have also been made in very similar terms by other witnesses, who have already appeared before us.

I think what they said has been noted and is under study at the present time. As we have come very close to the time when we ordinarily adjourn perhaps we should reassure the witnesses that their views on the usefulness or otherwise of the Panel will be added to those already received, and will be taken into account in the study that is going on with respect to the role this Panel is intended to play.

**Mr. Corlett:** Thank you, we cannot ask for anything more than that.

**M. Émard:** Monsieur le président, je ne comprends pas très bien, moi non plus, pourquoi le tribunal devrait s'informer auprès d'un comité consultatif, quand il a le droit d'après un autre article qu'on nous a lu avant, d'avoir tous les renseignements requis.

Je crois, que cela va amener un délai supplémentaire. On s'est déjà plaint, en quelques occasions, de la lenteur de certaines procédures, alors, pourquoi en ajouter une autre qui va entraîner des retards encore plus grands?

**Le président:** Bien voici, monsieur Émard, en réponse à votre question, M. Gray vient de suggérer aux représentants de l'Association des importateurs, que leurs remarques soient ajoutées à celles déjà reçues par le Comité et le tout sera pris en considération par celui-ci ou toute autre personne responsable.

**M. Émard:** Mais est-ce qu'on avait considéré le délai supplémentaire, par exemple, dans ce qui a été pris avant?

**The Chairman:** Mr. Arthur can you reply to that question?

[Interprétation]

pense que si l'on change le libellé de «devoir» à «pouvoir», dans certains cas, le tribunal ne saura peut-être pas que dire au comité.

**M. Corlett:** Pourquoi le gouvernement pense-t-il que l'article 30 doit être ajouté, lorsque la dernière partie de l'article 26, paragraphe 2 semble donner droit au tribunal d'obtenir conseil et assistance de quelque agence ou ministère que ce soit au Canada.

**M. Gray:** Monsieur le président, puis-je faire une suggestion avant que M. Arthur réponde? Vous avez dit que les commentaires de l'Association des importateurs ont aussi été faits par d'autres témoins dans des termes très semblables. On en a pris note déjà, c'est à l'étude. Et comme nous ajournons d'habitude vers 1 heure, on peut assurer les témoins que l'utilité du Comité a déjà été prouvée, on en tiendra compte lorsque l'on étudiera le rôle qu'il devra jouer.

**M. Corlett:** Merci, on ne peut demander rien de plus.

**Mr. Émard:** Mr. Chairman, I also do not understand why the court would have to request information from a consultative committee when, according to another section read to us earlier, it is entitled to all information it may require.

This, I believe, will further delay the proceedings. Complaints have already been raised regarding the slowness of certain proceedings. So, why add another procedure that will cause even greater delays?

**The Chairman:** I can answer your question, Mr. Émard. Mr. Gray has just suggested to the representatives of the importers' Association that their remarks be added to those already made before the Committee, and everything will be taken into consideration by the latter or any other responsible persons.

**Mr. Émard:** Was this additional delay taken into consideration though, in what was dealt with previously?

**Le président:** Monsieur Arthur, pouvez-vous répondre à cette question?



[Text]

**Mr. Arthur:** Well, yes, Mr. Chairman. If I understand correctly Mr. Émard's question concerns the delay that reference to this Panel may cause. In answer to that question on another occasion it was pointed out that the clause of the draft Bill which states that the Tribunal must make its order or finding within 90 days is overriding, and it would have to make its order or finding within that time whether or not it had received advice from the Panel.

**M. Émard:** Monsieur le président, je comprends que le tribunal doit rendre sa décision en dedans du 90 jours, mais ceci n'implique pas qu'on doive toujours se rendre à la limite. Si le gouvernement peut donner sa décision le plus rapidement possible, je crois que ceci aiderait tout le monde, y compris le commerce, et tous ceux qui font de l'exportation et de l'importation. On a pas réellement besoin d'attendre 90 jours.

**Mr. Arthur:** I have no comment.

**The Chairman:** Gentlemen now we come to paragraph 9, Demand for Dumping Duty from Subsequent Purchasers, dealing with clause 33(2) of the proposed Bill, which can be found on page 19 of the White Paper. Have you any questions, gentlemen? If not, unless the representatives of the Association have other remarks or comments to bring before the Committee, this will conclude our meeting.

**Mr. Keith G. Dixon (General Manager, Canadian Importers Association):** May I ask Mr. Arthur, through the Chair, the reasons for the inclusion of this clause in the proposed legislation?

**Mr. Arthur:** Mr. Chairman, this clause was put into the draft legislation because of the limitation that exists in the proposed Bill on retroactivity. In other words it would be possible to have delay to a point where the process that has been laid out in this Bill would not be able to be effected. For that reason it was put.

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**Mr. Dixon:** There was no thought that some disreputable importer might use the proposed dumping bill to bring in a large shipment of goods and then go bankrupt technically?

**Mr. Arthur:** This was very much in mind, that it could be possible for an importer to bring in some goods, or a person to bring in some goods, and then to declare bankruptcy and disappear. This could have a very disruptive effect, particularly if the importation were massive.

[Interpretation]

**M. Arthur:** Oui, monsieur le président. Si je comprends bien, M. Émard dit que cela retardera encore les procédures. Et pour répondre à cette question, on a déjà dit que l'article du projet de loi dans lequel on déclare que le tribunal doit rendre sa décision dans les 90 jours, est outrepassé et ceci doit être fait en dedans de cette limite de temps qu'il ait reçu les conseils de la commission ou pas.

**Mr. Émard:** Mr. Chairman, the court should take a decision within 90 days, but it does not mean that it has to wait the full 90 days. The sooner the government can make a decision the better it will be for everyone, including trade, and anyone engaged in importing and exporting. We do not necessarily have to wait the full 90-day period.

**M. Arthur:** Pas de commentaire.

**Le président:** Messieurs, je passerai donc au paragraphe 9: demandes de droits d'anti-dumping à un acheteur subséquent, article 33(2) du Livre blanc, page 90. Avez-vous des questions, messieurs? Sinon, à moins que les représentants de l'Association aient quelque chose à dire, avant que nous terminions la séance? Monsieur Dixon?

**M. Keith G. Dixon (gérant général, Association des manufacturiers canadiens):** Je voudrais demander, par votre entremise, monsieur le président, pourquoi on a ajouté cet article dans le projet de loi?

**M. Arthur:** Monsieur le président, l'article a été ajouté au projet de loi parce qu'il y a des restrictions dans le projet de loi sur la rétroactivité. En d'autres termes, il serait possible d'avoir des retards à un point où la procédure établi par et peut-être que cela n'affecterait cette loi ne serait pas affectée. C'est pour cette raison que nous l'avons ajouté.

**M. Dixon:** Par l'entremise du président, toujours. Personne n'a déjà songé que certains importateurs de mauvais aloi se servent de ce droit pour importer de grandes quantités de marchandises et font faillite après.

**M. Arthur:** Nous y avons pensé. Certains importateurs ou certaines personnes pourraient importer des marchandises et ensuite faire faillite et disparaître. Cela pourrait avoir des conséquences néfastes, surtout pour des importations massives.

[Texte]

**Mr. Corlett:** Mr. Arthur, if this is true, and I understood this was what the government had in mind and I see the position they are in, is it not possible to restrict the coverage of the wording in clause 33(2). As I see it at the moment it covers the whole field of imports. It is true it says the Minister "may" on demand, but the point is the importer or a purchaser from the importer does not know whether the Minister may or may not. Is it necessary to go as far in the wording you have used to catch the situation you want to catch?

**Mr. Arthur:** I would suggest, sir, that this duty to which the clause refers is dumping duty and dumping is not illegal, but it is risky. It is a debt, in fact, that is owed, and this clause is designed to ensure that persons deal with people who would be considered to conduct their business in accordance with the requirements of the law.

**Mr. Corlett:** Is not that imposing a frightful, almost impossible standard for any innocent third party purchaser to follow?

**Mr. Arthur:** I would suggest not, Mr. Chairman. It is open to anyone in advance of the importation to determine from the Department of National Revenue what would be considered to be an acceptable normal value, and importers are aware of the law. Again, the word here is "may", so it is not a provision that would be applied in every instance.

**Mr. Bald:** Mr. Arthur, I am afraid what you say shows—I should not use the word—naivety.

Actually as an importer I find that when you call on a supplier to purchase goods, particularly if the supplier is one that you have not done business with previously, he would think it prying on your part, if after you make a purchase, you say to him that you would like to see copies of invoices to his customers, that you would like to know that the price he is selling goods at, with proof, comes under the fair market value regulations.

When you combine this with the uncertainty of ministerial discretion as well as the fact that as an importer one will have no idea what the government's attitude will or will not be towards a certain situation, you can see that an importer can inadvertently get into difficulties through anti-dumping.

This does not mean that the importer intentionally did so. There are many cases of dumping which develop quite accidentally. Possibly at the time it did not look as if it were a dumping case, but subsequently to investigation it developed that way.

[Interprétation]

**M. Corlett:** Si c'est vrai, et c'est à cela que le gouvernement songeait, est-il possible de restreindre le libellé de 33(2)? Car, cela couvre toutes les importations maintenant. Il est vrai qu'on y dit le ministre «peut» sur demande, mais l'importateur ou l'acheteur ne sait pas toujours si le ministre peut ou ne peut pas. Est-ce nécessaire d'aller aussi loin que cela pour atteindre votre but?

**M. Arthur:** Je pense, monsieur, que ce droit auquel l'article fait allusion est le droit d'antidumping; ce n'est pas illégal, mais hasardeux. C'est une dette, en fait, et l'article est conçu pour être sûr que ceux qui ont des entreprises se conforment à la loi.

**M. Corlett:** N'est-ce pas imposer une norme presque impossible pour le troisième acheteur éventuel qui lui, est innocent?

**M. Arthur:** Non, monsieur le président, on peut déterminer au ministère du Revenu national ce qui peut être considéré comme une valeur normale, les importateurs sont au courant de la loi. Encore une fois, le mot employé est «peut», alors, ce n'est pas une disposition qui sera appliquée dans tous les cas.

**M. Bald:** Monsieur Arthur, je crains que ce que vous dites présente quelque «naïveté», ou devrais-je employer ce mot; mais prenons le cas de l'importateur qui achète des marchandises d'un fournisseur avec qui il n'a jamais transigé, celui-ci trouverait étrange que l'importateur exprime le désir de voir les copies des factures à ses clients et qu'il veuille avoir la preuve que le prix auquel il vend ses marchandises est en accord avec les règlements de la juste valeur du marché. Lorsqu'on combine cela à l'incertitude de la discrétion du ministre, comme importateur on ne connaît pas l'attitude du ministre devant certaines situations, l'importateur peut, par inadvertance, avoir des difficultés d'antidumping.

Cela ne veut pas dire que l'importateur l'a fait intentionnellement. Il y a des cas de dumping qui semblent accidentels. Au moment même, on n'a pas pensé que c'était un cas de dumping mais, cela en est devenu un. Vous imposez une punition ici sur tous les importa-



## [Text]

I would say that you are here putting a penalty on all importers, and on all sales importers make, because of what you consider might be a very small element of the importing trade that might do something which later will prove to be against the anti-dumping Bill. I might say that dumping is not a criminal offence, it is only an accidental situation of importing.

• 1310

**Mr. Baylay:** My feeling is if this legislation went through it would be the most savage bit of legislation we have had in a long time, and it could become one of the biggest nontariff barriers we have ever had in Canada. In the time limits involved there could be a sale to a wholesaler or a retailer which could be distributed right across Canada to a thousand people, who all, presumably, would become responsible. It would be totally impossible for many purchasers to assess what risk would be involved when they bought something even over the counter at Simpsons.

**Mr. Gray:** Mr. Chairman, may I comment on the views that have been expressed? The fears that have been stated would, I think, have more validity if the draft Bill used the word "shall" rather than the word "may". I do not interpret the wording of the proposed Bill to mean that in every case the Department will follow the matter through all down the line. I suspect that the word "may" was used just to take into account cases of the type cited by the witnesses where there are innocent third parties.

**The Chairman:** Mr. Baylay when you used the words "savage legislation" you were referring to clause 33(2)?

**Mr. Baylay:** That is correct, sir.

**Mr. Gray:** The witnesses imply that this step will be taken in every case of dumping and that third parties will be called upon to make this payment. As I say this would have more validity in my respectful opinion if the word "shall" appeared. Perhaps Mr. Arthur could supplement my comments?

**Mr. Arthur:** I pointed out before that the wording was "may" and it applies in cases where goods have been dumped—these are the two conditions—and injury has been proved. These are the two circumstances that prevail.

**Mr. Gray:** I may also say, the thought having just occurred to me, that unless a very high proportion of the transactions of your membership will turn out to involve dumping

## [Interpretation]

teurs et sur toutes les ventes qu'ils font, à cause de ce que vous croyez être un petit élément du commerce d'importation qui pourrait s'avérer être à l'encontre de la Loi anti-dumping. Le dumping n'est pas un délit criminel. Ce n'est qu'une situation accidentelle de l'importation.

**M. Baylay:** Je pense que si la loi est adoptée, ce sera la plus sauvage et primitive que nous aurons eue depuis longtemps, ce pourrait être la plus grande barrière non-tarifaire que nous ayons jamais eue ici. Dans la limite de temps prévue on peut vendre à des grossistes ou à des détaillants, distribuer les marchandises à des milliers de personnes dans tout le pays, qui deviendront toutes, à leur tour, responsables de cet état de choses. Il sera impossible d'évaluer quels étaient les risques en cause lorsqu'ils ont acheté les marchandises.

**M. Gray:** Monsieur le président, je voudrais faire des commentaires sur ces craintes. Je pense qu'elles seront plus valides si on utilise le mot «devoir» au lieu de «pouvoir» dans le projet de loi. Je n'interprète pas le libellé du projet de loi comme voulant dire que dans chaque cas, le ministère ira jusqu'au bout chaque fois. Je suppose que le mot «peut» a été utilisé pour tenir compte de certaines choses dont le témoin a parlé, car il y a des troisièmes parties qui sont innocentes.

**Le président:** Monsieur Baylay, lorsque vous parlez d'une «loi sauvage», vous réferez à l'article 33, paragraphe 2?

**M. Baylay:** C'est ça.

**M. Gray:** Alors, vous pensez que la mesure sera prise à chaque fois qu'il y aura dumping et les troisièmes parties devront payer? Ce serait plus valide si le mot «doit» apparaissait. Peut-être M. Arthur aurait-il d'autres commentaires?

**M. Arthur:** J'ai déjà dit que le libellé était fait et que cela s'appliquait au dumping réel et lorsque le dommage a été prouvé. Ce sont les deux cas qui prévalent.

**M. Gray:** Je pense qu'à moins qu'une très grande proportion de vos membres fassent des transactions, impliquant le dumping, les dispositions de la loi ne produiront pas les



## [Texte]

then the provision could hardly have the savage effects that one of your delegation has suggested.

I find it hard to believe that such a high proportion of the total transactions engaged in by your Association would involve dumping, that this clause would be applied in the wide-ranging way that your colleague suggests.

**Mr. Corlett:** Mr. Gray, the members of this Association are all in business and their purchasers will be Canadian firms of one kind or another. It is true the clause is in the permissive, the Minister "may", but put yourself in the position of a purchaser where there is a sizeable sum of money involved. The Canadian purchaser may be dealing with an importer with whom he may not have had previous dealings or perhaps whom he does not know too well, and as long as the Minister "may", he will not know what the Minister is going to do; the purchaser will not know how bona fide a transaction the importation was but the merchandise is what he wants.

Do you not think it would be reasonable that he would say to the Department: "Now, before I purchase these goods I want an assurance from the Department of National Revenue that the proper duties including any dumping duty has been paid?"

**Mr. Gray:** I understood some of the evidence already given to be that inquiries could be made of the Department with regard to the question of value for duty. Mr. Hind did I understand that correctly?

**Mr. Hind:** Mr. Chairman, on the particular point raised by Mr. Corlett, namely, could a company in Canada approach the Department and ask the Department whether a given importer has settled all his indebtedness to the Crown, I think this would place a burden on the Department that just could not be fulfilled. We must bear in mind that importers can import through any number of our 400-odd ports of entry. Today we might know precisely where everything stands. We might give an assurance today, but before your particular goods come in something else can have happened. I do not think the Department is feared up to give any assurances such as the witness has requested.

• 1315

**Mr. Corlett:** I can understand why the Department would be in that position because I suppose there has not been anything in the Customs Act exactly like this new clause. I have not got the exact page, but it is in the

## [Interprétation]

effets désastreux prévus par un de vos délégués. C'est difficile de croire qu'une telle proportion des transactions de votre Association impliquent le dumping à un si haut degré qu'il faille mettre en application cet article aussi souvent, tel que le laisse entendre un de vos collègues.

**M. Corlett:** Les importateurs, les membres de notre Association sont tous en affaires et leurs acheteurs sont les industries canadiennes. Mettez-vous à la place de l'acheteur, lorsqu'il s'agit de fortes sommes d'argent. L'acheteur canadien peut traiter avec un importateur qu'il ne connaît pas toujours bien. Vous devez vous protéger, car vous ne savez pas ce que le ministre fera. Vous ne savez pas si la transaction était de bonne foi, mais c'est la marchandise que vous vouliez.

Pensez-vous qu'il serait raisonnable de dire au ministère: «Avant d'acheter cela, je veux que le ministère m'assure que les droits ont été payés comme il se doit.»

**M. Gray:** C'est à ce ministère qu'on devrait s'adresser au sujet de la valeur des droits; est-ce juste?

**M. Hind:** Monsieur le président, sur la question soulevée par M. Corlett, c'est-à-dire la suivante: «est-ce qu'une compagnie canadienne peut demander au ministère si tel importateur a réglé toutes ses dettes auprès de la Couronne?», ce serait un fardeau pour le ministère. Je ne pense pas que nous pourrions répondre à tout le monde. Il faut se rappeler que les importateurs peuvent importer à l'un de nos 400 ports d'entrée. Aujourd'hui on peut savoir exactement où en sont les choses, mais avant que vos marchandises entrent, il peut s'être produit autre chose. Je ne pense pas que le ministère puisse vous donner une assurance, comme celle qui a été demandée.

**M. Corlett:** Je peux comprendre pourquoi le ministère serait dans cette situation, car il n'y a rien de semblable dans la Loi sur les douanes. On voit dans le témoignage écrit que M. Grey, en parlant de cet article, avait dit

*[Text]*

printed evidence, where Mr. Grey, when speaking to this particular clause of the proposed Bill, said that this was an application of the doctrine of following the goods as against looking primarily to the importer for the payment of proper duty.

Would you not then agree that the Department may have to open up a new part of its administration to handle this type of thing? I see your point that up to now you would not have had to concern yourself with it, and therefore, at the moment you would not have the staff available. However, might this not be an inevitable result?

**The Chairman:** Before Mr. Arthur or Mr. Hind reply, Messrs. Behrens, Baylay and Bald have indicated they would like to comment.

**Mr. Gray:** Mr. Chairman, I do not think we should attempt to cut off discussion, but as I think we are all aware we cannot come to any final conclusions—

**The Chairman:** I think we should hear what the witnesses have to say, Mr. Gray.

**Mr. Gray:** I am just saying this because the witnesses may feel we are coming to final conclusions here rather than merely receiving evidence on which to base our further deliberations.

**The Chairman:** I am sure they know Mr. Gray. I think they want to put their comments on the record.

**Mr. Behrens:** Mr. Chairman, I think the point we need to make on behalf of our members is that this particular provision has a very detrimental effect on every member, on every importer even non-members. You will still not achieve what you are trying to achieve, namely, catch the culprit, the isolated case that proceeds in a way that is not legal; the importer who dumps quickly, goes bankrupt and is not caught. This particular party who acts in such an unscrupulous way, I would say, will still do so and will say: "I will not worry about it, they can get the dumping duty from the second, third or fourth party." I think we can assure you that people who will import in such a way are a very, very small segment and it cannot be expected that everybody should be penalized and involved in this.

**Mr. Baylay:** I have just a small point to make, sir. It was indicated, perhaps, that we expected a great deal of dumping amongst importers and that is, of course, not the case. If it happened just once it would be unfair if a third party had sold goods in good faith and

*[Interpretation]*

que c'était une application de la doctrine qui veut qu'on suive les marchandises.

Il ne s'agit pas de se tourner uniquement vers l'importateur pour les droits de douane. Le ministère devra peut-être ouvrir une nouvelle direction pour étudier tout cela. Je comprends votre point de vue. Jusqu'ici, il n'y a pas eu de problèmes, et maintenant, vous n'avez pas le personnel sous la main.

**Le président:** MM. Behrens, Baylay et Bald ont dit qu'ils voudraient faire des commentaires.

**M. Gray:** Je n'essaie pas d'interrompre la discussion, mais comme nous ne pouvons pas tirer une conclusion finale...

**Le président:** Nous allons entendre les témoins, M. Gray.

**M. Gray:** Les témoins pensent peut-être qu'on arrive à une conclusion finale.

**Le président:** Je suis sûr qu'ils le savent, monsieur Gray. Ils veulent que leurs commentaires soient inscrits au compte rendu.

**M. Behrens:** Merci, monsieur le président. Je pense qu'au nom de nos membres, nous devons dire que cette disposition peut nuire énormément à tous les importateurs membres et non membres. On ne perd pas notre but, c'est-à-dire d'arrêter les cas isolés qui opèrent illégalement, qui déclarent faillite et qui ne se font pas prendre. Ceux qui agissent d'une façon si peu scrupuleuse, continueront à le faire et diront: «Nous ne nous inquiétons pas, on peut toujours obtenir les octrois de la troisième ou quatrième partie.» On peut vous assurer que les importateurs qui agissent ainsi sont peu nombreux. On ne peut pas pénaliser tout le monde.

**M. Baylay:** Un petit point, monsieur. On a indiqué qu'on s'attendait à ce qu'il y ait beaucoup de dumping chez les importateurs. Ce n'est pas le cas. Si ça se produit une seule fois, ce sera injuste pour la troisième partie qui a vendu des marchandises en toute bonne



[Texte]

suddenly found his costs had gone way up. It could just happen once a year to a merchant in Canada and that would be bad. We certainly are not thinking of this happening frequently or even seldom, but just once in a long while.

**Mr. Bald:** I would like to direct a comment to Mr. Hind. We tend to think of imports as commodities, but supposing as an importer I imported a carload of steel sheets which were sold to a manufacturer of washing machines. Can you imagine this manufacturer's quandary as to whether he should by the steel sheets from me with a contingent liability that he knows nothing about, as against buying them, say, from a domestic producer where he knows that the price is the final price regardless of whether the domestic producer has paid his income tax or any other kind of tax.

• 1320

**Mr. Hind:** Mr. Chairman, while another department is responsible for the draftsmanship of this draft Bill, it is my understanding that the purpose of this particular provision is to encourage customers in Canada to exercise great care in selection of the importers from whom they buy goods. A prudent importer would be very careful, I think, in his selection of suppliers.

I mean that if he had a choice of buying from a well-established company that pays its bill on time and another organization that might not be so well-known, or might have some other reputation, a prudent customer, I suggest, would buy from the company that has a good reputation. As I understand it the provision was put in largely to take care of a situation of that kind.

**Mr. Gillespie:** May I ask a question? Is there any resistance to the idea, on the part of the Importers Association that they should not pay dumping duties, if dumping duties are levied?

**Mr. Corlett:** No, not at all.

**Mr. Gillespie:** Then do they not accept the basic or primary responsibility? If they do would they not then be prepared to hold their own customers harmless against the application of dumping duties?

**Mr. Bald:** I can only speak for myself. We would hold the customer harmless but the situation will be that the importing firm is not the one to hold the customer harmless. Apparently the legislation is designed for the firm who, for one reason or another, may not be in business at the time the assessment is made.

[Interprétation]

foi et qui se retrouve dans cette situation. Cela pourrait arriver une fois par année à un Canadien et ce serait mauvais. Nous ne pensons pas que cela se produira souvent, mais une fois à l'occasion

**M. Bald:** Je voudrais poser une question à M. Hind. Nous songeons à l'importation comme à des marchandises, mais supposons que, comme importateur, j'importe des feuilles de métal qui seront vendues à une fabrique de machines à laver. Pouvez-vous imaginer ce que le fabricant fera? Il se demandera s'il doit acheter les feuilles de métal de moi s'il ne sait pas ce qui peut lui arriver. Il pourra peut-être l'acheter d'un producteur du pays, lorsqu'il sait que le prix est le prix définitif, peu importe si le producteur a payé ses impôts.

**M. Hind:** Monsieur le président, même si un autre ministère a rédigé la loi, j'ai compris que cette disposition sert à encourager les Canadiens à agir avec beaucoup de soin en choisissant leurs importateurs. L'importateur prudent fera très attention en choisissant ses fournisseurs. Je veux dire que s'il a le choix entre une compagnie qui paie ses comptes à temps et d'autres qui sont moins connues ou qui n'ont pas une aussi bonne réputation, le client prudent achète de ceux qui ont bonne réputation.

**M. Gillespie:** Puis-je vous poser une question? Résiste-t-on à cette idée pour les droits du dumping?

**M. Corlett:** Non.

**M. Gillespie:** Acceptent-ils leurs principales responsabilités? S'ils le font, est-ce que leurs propres clients seront sans défense?

**M. Bald:** Les clients seront non coupables, mais la loi est conçue pour les entreprises qui ne seront pas en affaires lorsque l'évaluation est faite.



[Text]

As far as Mr. Hind's comments about people dealing with very well-established companies of long standing is concerned, we do like to think that we live in a free enterprise economy, and that somebody starting out has an opportunity to get some business too. That is why we say this part of the Bill as it stands will create an unfair situation because it throws the business available to either the larger existing importers or Canadian manufacturers. It is prejudicial to all importers and it certainly has been more prejudicial to a newcomer in the importing business, who sells on price. Although, price does not always mean dumping, it might mean that a small importer is prepared to work on 8 per cent instead of 12 per cent.

**Mr. Baylay:** To interpret clause 33(2) as an act of consumer protection, I think, is just a little farfetched. Surely it is not the intention of this legislation to try to push purchasers into certain channels.

**Mr. Gillespie:** I am having difficulty understanding why it is prejudicial to the new importer. If he is a pro; if he has sought out his sources; if he has satisfied himself as to the quality of the merchandise at the price level prevailing at the source; if he has done all these things then he should be able to give the kind of undertaking we have been talking about to his customers and hold them harmless against any dumping duty which might be applied against them in the event that he went bankrupt. This is his business.

**Mr. Gray:** I just want to suggest that the witnesses have put forward their point of view on this clause in a clear and forceful manner and we have had a useful exchange on the implications. I think this is as far as we can go at this stage. The officials have noted their views, and this is something the Committee will be pursuing further when we have completed our taking of evidence and begin our final deliberation on the draft Bill.

**Mr. Bald:** May I just, on behalf of the Canadian Importers Association, thank the members in attendance here for hearing our brief and giving us the advantage of their comments.

**The Chairman:** Thank you Mr. Bald. On behalf of the members of the Committee my thanks to the Association for the presentation of their brief and the factual information given to members of this Committee today.

[Interpretation]

Pour ce qui est des commentaires de M. Hind, nous aimons penser que nous vivons dans une économie d'entreprises libres et que tous ceux qui se lancent en affaires peuvent avoir des clients. Dans cette partie de la loi, on voit que c'est une situation injuste et que tous les grands importateurs auront tout le commerce. Cela porte préjudice à tous les importateurs et surtout aux nouveaux venus dans le domaine de l'importation. Un prix n'est pas toujours signe de dumping. Les petits importateurs sont prêts à accepter 8 p. 100 au lieu de 12 p. 100.

**M. Baylay:** Interpréter l'article 33, paragraphe 2, comme un moyen de protéger le consommateur est un peu tiré par les cheveux. Ce n'est pas l'intention de cette loi de pousser les acheteurs à faire certaines choses.

**M. Gillespie:** Pourquoi cela est-il nuisible pour les nouveaux importateurs? S'il a bien vérifié ses sources, s'il connaît la qualité de ces produits, le niveau des prix, etc, s'il a fait tout cela, il pourra avoir le genre d'entreprise dont nous avons parlé. Il rendra les services voulus à ses clients. Il se peut aussi qu'il fasse faillite, car c'est son entreprise à lui.

**M. Gray:** Les témoins ont fait connaître leur opinion avec force. Cela peut changer certaines conséquences. Je ne pense pas que nous puissions aller plus loin. Les fonctionnaires ont fait connaître leur opinion. Les membres du Comité étudieront la question plus à fond lorsque nous préparerons notre rapport.

**M. Bald:** Au nom de l'Association des importateurs canadiens, je tiens à remercier les députés qui ont assisté à la séance, qui ont écouté notre mémoire et qui nous ont présenté leurs commentaires.

**Le président:** Merci, monsieur Bald. Au nom des membres du Comité, je remercie l'Association qui a présenté un mémoire et qui a fait connaître ses opinions aux membres du Comité.

La séance est levée.

[Texte]

• 1543

## AFTERNOON SITTING

Tuesday, November 26, 1968

**The Chairman:** Gentlemen, this afternoon we have before the Committee the submission of the Electronic Industries Association of Canada. On my right is Mr. R. A. Phillips, President and Chairman of the Board, Electronic Industries Association of Canada.

I will ask him to introduce the other gentlemen with him.

**Mr. R. A. Phillips (President and Chairman of the Board, Electronic Industries Association of Canada):** Mr. Chairman and gentlemen, on my immediate right is Mr. R. G. Sukloff, Chairman of Tariff Advisory Committee of our Association and Manager of the Customs Section, Canadian General Electric Company; on his right is Mr. J. G. Sutherland, Vice-President and Chairman of the Electronics Division of our Association and Vice-President of Technical Products of RCA Victor Co. Ltd.; on Mr. Sutherland's right is Mr. W. R. Longstaffe, Vice-Chairman of the Components Division of our Association and Executive Vice-President of Renfrew Electric Co. Ltd., Toronto; and on his right is Mr. E. J. Gareau, a member of the Electronic Tube and Semiconductor Committee of the Association and General Sales Manager, Electronics Division, Sylvania Electric of Canada. At the rear we have Mr. Cowan Harris, General Manager and Secretary, Electronic Industries Association of Canada.

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**The Chairman:** Mr. Phillips, as is the usual practice, I am sure you have a summary of your brief to present to the Committee.

**Mr. Phillips:** Yes, Mr. Chairman, we have.

Mr. Chairman and gentlemen of the Committee, we appear before you as Canadian businessmen representing Canada's Electronics Manufacturing Industry, and we appreciate this opportunity of appearing before your Committee.

We wish to confirm that we stand ready to provide any assistance which might be helpful to you in fulfilling your responsibilities.

We believe that your Committee has a momentous responsibility in examining this proposed legislation to ensure that there is a clear understanding of the methods by which injurious dumping will be prevented under all possible circumstances.

[Interprétation]

## SÉANCE DE L'APRÈS-MIDI

Le mardi 26 novembre 1968

**Le président:** Messieurs, cet après-midi, nous allons examiner le mémoire présenté par l'Association des industries électroniques du Canada. A ma droite, M. Phillips, président du conseil d'administration de l'Association des industries électroniques du Canada. Je vais lui demander de nous présenter ses collègues.

**M. Phillips (président du conseil d'administration de l'Association des industries électroniques du Canada):** Monsieur le président, messieurs, à ma droite, M. R. G. Sukloff, président du comité consultatif sur les tarifs douaniers de notre Association, et directeur de la section des douanes de la société *General Electric* du Canada; à sa droite, M. J. G. Sutherland, vice-président et président de la division de l'électronique de notre Association, et vice-président de la section des produits électroniques de la *RCA Victor Co. Ltd.*, à la droite de M. Sutherland, M. W. R. Longstaffe, vice-président de la division des pièces détachées de notre Association, et vice-président exécutif de la *Renfrew Electric Co. Ltd.*, de Toronto; à la droite de M. Longstaffe, M. E. J. Gareau, membre du comité des tubes électroniques et des semi-conducteurs de notre Association, et directeur général des ventes de la division de l'électronique de la *Sylvania Electric of Canada*; à l'arrière, M. Cowan Harris, directeur général et secrétaire de l'Association des industries électroniques du Canada.

**Le président:** Monsieur Phillips, selon l'usage, je suis sûr que vous avez un résumé de votre mémoire à présenter au Comité.

**M. Phillips:** Oui, monsieur le président, nous avons un résumé.

Monsieur le président, messieurs, nous sommes venus ici en tant qu'hommes d'affaires canadiens représentant les industries électroniques du Canada. Nous sommes heureux d'avoir l'occasion de comparaître devant votre Comité.

Nous voulons confirmer que nous sommes prêts à vous donner toute l'aide que vous pourrez juger utile pour accomplir votre tâche. C'est pour votre Comité une responsabilité énorme que d'avoir à examiner le projet de loi afin de veiller à ce que l'on comprenne bien les méthodes par lesquelles on pourra empêcher dans toutes les circonstances possibles un dumping néfaste. Dans notre



## [Text]

In our brief, and at this meeting, we wish to bring to your attention those characteristics of Canada's electronics industry which are unique, which are relevant to anti-dumping measures and which may create some problems in the administration of the new legislation.

The Electronics Industry Association is a national trade association of some 105 manufacturers who employ about 55,000 people in their electronic businesses, with factory sales this year of about \$900 million. This does not include, of course, the thousands employed in the many supplying industries such as cartons, wood products, glass, wire, chemicals, etc. When a television set is imported rather than manufactured in Canada there is loss of employment and taxes within all these supplying industries, in addition to the direct loss within the set manufacturer.

Canada's young electronics industry is unique in its importance to the economic and social progress of Canada in the electronic age which the world is just entering. Electronics, in addition to employment and balance of trade considerations, is of fundamental importance to the future of Canada in such areas as education; in defence; in productivity improvement of business, industry and institutions through electronic information systems; in communication, space as well as land, vital to the development of Canada's north; as well as recreation, entertainment and business; essential in medicine; in transportation; in almost all fields that you can imagine.

Canada will not obtain the benefits available to it from electronics by merely importing electronic hardware. To realize the benefits, Canada must have a fully integrated, strong electronics manufacturing industry with capabilities in research, development, engineering and manufacturing, so that we do have in Canada the knowledge and skills to apply the equipment effectively to Canada's needs.

The electronics industry has suffered injury from dumping. The direct injury from dumping is in loss of production volume, and it also usually results in a depressing of prices for domestically produced goods.

Although the electronics industry is recognized, incorrectly so, as a spectacular growth

## [Interpretation]

mémoire et au cours de cette réunion, nous voulons attirer votre attention sur les caractéristiques de l'industrie électronique du Canada qui sont uniques de nature et qui se rapportent aux mesures antidumping et qui peuvent créer certains problèmes dans l'application de la nouvelle législation.

L'Association des industries électroniques, association professionnelle nationale, groupe près de 105 fabricants qui, dans le domaine de l'électronique, emploient 55,000 personnes environ et ont un chiffre d'affaires, départ usine, de quelque 900 millions de dollars. Les chiffres ne tiennent pas compte, bien sûr, des milliers de gens employés dans les industries de fournitures, telles celles des cartonnages, du bois, du verre, des fils métalliques, des produits chimiques, etc.

Or, lorsqu'on importe un appareil de télévision au lieu de le fabriquer dans le pays, toutes ces industries de fournitures enregistrent une perte d'emploi et de taxes, sans compter la perte directe accusée par le fabricant d'appareil.

Alors que le monde entre tout juste dans l'ère de l'électronique, la jeune industrie électronique du Canada joue un rôle capital dans le progrès économique et social du pays.

L'industrie électronique, outre son importance pour l'emploi et la balance commerciale, est essentielle pour l'avenir du Canada dans des domaines tels que l'éducation; la défense; l'accroissement de la productivité dans les affaires, l'industrie, etc., grâce à la mise en œuvre de systèmes d'information électroniques; les communications, spatiales aussi bien que terrestres, indispensables à l'expansion du Nord canadien; les loisirs aussi, les distractions comme les affaires; la médecine, où elle est irremplaçable; les transports, etc., etc., finalement, dans presque tous les domaines possibles et imaginables.

Les bienfaits de l'électronique, le Canada n'en profitera pas en se contentant d'importer le matériel. A cet effet, il lui faut disposer d'une industrie électronique pleinement intégrée, vigoureuse et pourvue des moyens nécessaires aux différents stades de la recherche, de la mise au point, de la technologie et de la fabrication, disposer par conséquent des connaissances et des techniques nécessaires pour satisfaire effectivement ses besoins en équipement.

Le dumping a porté tort à l'industrie électronique, tort directement manifesté par la diminution du volume de production et, aussi, d'une façon générale, par celle des prix pratiqués pour les marchandises de fabrication canadienne.

Bien qu'il soit admis, un peu hâtivement, que l'industrie électronique accuse une crois-



## [Texte]

industry, the profit level of the Canadian electronics industry has decline drastically and seriously during the past three years. During this period there has been a condition of dumping of electronic goods into Canada, but we would hasten to point out that the electronics industry in Canada has amply demonstrated its capability to compete on fair and equal terms with any competition.

The level of profit being achieved by the electronics industry makes it extremely difficult for the industry to invest in the research and development so essential to Canada and to the growth and development of this industry. Despite this it is estimated that the electronics industry is spending about \$60 million this year on research and development in Canada.

## ● 1550

There are aspects of the electronics business that make dumping difficult to detect. In the case of electronic systems, with a high content of engineering, the normal value for the devices or components which are peculiar to the system could be difficult to identify, and so make it easy for dumping to occur.

Consumer electronics in Canada are subject to a 15 per cent excise tax, in addition to the federal sales tax. The method of application of these taxes discriminates against Canadian manufacture in favour of imported goods, and the difference increases with the low cost imports, dumped or otherwise.

In the brief of the Electronics Industry Association of Canada we have made two specific recommendations:

One, that you endeavour to ensure that provision is made for aggressive, speedy investigation and enforcement of cases arising under the new legislation and regulations. This is particularly important in the period immediately following the implementation of the Act, which we assume will be January 1, 1969. The second point of recommendation is that the Tribunal be staffed by individuals of the highest calibre, with broad experience in commerce and industry. Mr. Chairman, that is a brief on our brief.

## [Interprétation]

sance spectaculaire, elle enregistre au Canada, depuis trois ans, une diminution radicale et inquiétante de ses marges bénéficiaires. Au cours de cette période, il y a eu du dumping sur les importations de matériel électronique au Canada, mais nous voudrions vite faire remarquer que l'industrie électronique au Canada a amplement démontré son aptitude à faire face à armes égales à n'importe quelle concurrence.

Or, l'insuffisance de ses marges bénéficiaires rend extrêmement difficiles ses investissements dans les domaines de la recherche et du développement, domaines si importants pour le Canada, ainsi que dans ceux de sa croissance, de son expansion.

En dépit de cela, on estime que l'industrie électronique dépense environ 60 millions de dollars cette année pour la recherche et le développement au Canada. Il y a certains aspects de cette industrie qui rendent le dumping difficile à détecter.

Dans le cas des systèmes électroniques, dont la réalisation suppose une haute technicité, il est malaisé parfois de fixer la valeur normale des dispositifs ou des éléments qui leur sont propres et par conséquent, il est facile pour le dumping de se produire. Les articles électroniques courants sont, outre la taxe fédérale sur les ventes, l'objet d'une taxe d'accise de 15 p. 100.

Les modalités d'application de ces taxes jouent au détriment des produits canadiens et au profit des marchandises importées, et l'écart s'élargit dans le cas des importations à bon marché, sujettes ou non au dumping.

Dans le mémoire de l'Association des industries électroniques nous faisons deux recommandations particulières: Dans la première, nous vous engageons à faire procéder à des enquêtes vigoureuses et rapides et à faire appliquer la loi dans les cas qui tomberont sous le coup de la nouvelle législation et des nouveaux règlements. Cette recommandation revêt une importance spéciale pour la période qui suivra immédiatement l'entrée en vigueur de la Loi, prévue, je crois, pour le 1<sup>er</sup> janvier 1969.

Dans la deuxième, il est proposé que le tribunal se compose de personnalités de très grande envergure qui aient une vaste expérience du commerce et de l'industrie.

Monsieur le président, je vois que j'ai fait un mémoire sur notre mémoire.

[Text]

**The Chairman:** Thank you, Mr. Phillips. Gentlemen, as there is no special reference in the submission either to the international agreement or the draft Canadian anti-dumping act, I will receive your questions on the general subject of anti-dumping.

**Mr. Harkness:** On page 2 of your brief you draw particular attention to the fact that a limited loss has a much greater effect on your industry than probably on many others. You state that what may appear to be a nominal reduction in sales and profits can readily impair the industry's ability to finance research development. What do you mean by "a nominal reduction" in that case? Do you mean any import at all of a dump nature?

**Mr. Phillips:** Mr. Harkness, to expand on that, the profitability of the electronics industry in Canada has declined rather seriously during a period when there has been a significant amount of dumping. The profitability of the electronics industry in 1967 as a percentage ratio to sales was less than half of Canadian manufacturing industry in total, as reported by the Canadian Manufacturers' Association.

At the same time, the industry is a technologically based industry requiring a high degree of investment in research and development to keep abreast of world activities.

Consequently, the curtailment of profitability makes it extremely difficult to find the money to make investment in research.

We wish to elaborate on an aspect of the point you make, Mr. Harkness, the electronics industry can be categorized into three main divisions, if you will. We have a consumer equipment division, as represented by the television industry; we have commercial, industrial and defence type of equipment, whether it be a communications system or a navigational system; and we have a third major and important segment of our industry, which is the components part of the business, which supplies components to both of these equipment divisions of the industry. These are all interrelated in the fashion that we would like to have the opportunity of elaborating for you.

• 1555

I believe that Mr. Longstaffe, Mr. Chairman, could elaborate on the component division point of view of the electronics industry, to answer Mr. Harkness' question more thoroughly than I have.

[Interpretation]

**Le président:** Merci, monsieur Phillips. Messieurs, on n'a pas parlé dans ce mémoire du projet de loi antidumping, ni des accords internationaux. Vos questions porteront donc sur l'antidumping en général.

**M. Harkness:** A la page 2 de votre mémoire, vous attirez particulièrement l'attention sur le fait qu'une perte réduite influe beaucoup plus sur votre industrie que sur bien d'autres. Vous déclarez que ce qui peut ne sembler qu'une diminution toute théorique des ventes et des profits est susceptible de compromettre l'aptitude de l'industrie à financer l'expansion de ses travaux de recherche. Qu'entendez-vous par «diminution toute théorique» dans le cas qui nous occupe? Voulez-vous vraiment parler d'importations de dumping?

**M. Phillips:** La rentabilité de l'industrie électronique du Canada a diminué de façon assez marquée pendant la période où il y a eu un dumping important. En 1967, la rentabilité de cette industrie calculée en pourcentage par rapport aux ventes, était d'environ la moitié de celle de l'industrie manufacturière canadienne prise dans son ensemble, ainsi qu'on le voit dans un rapport de l'Association des fabricants canadiens. D'autre part, l'électronique est une industrie fondée sur une technologie qui requiert beaucoup d'investissements en travaux de recherche et de développement afin de se tenir au niveau de l'activité mondiale.

La diminution des profits rend donc très difficile de trouver les sommes à investir à cet effet. Nous aimerions nous arrêter quelque temps sur une de vos observations, monsieur Harkness. L'industrie électronique peut se classer en trois grandes catégories: d'abord nous avons le secteur des produits vendus en public, par exemple la télévision ensuite le secteur des produits destinés aux entreprises commerciales et industrielles et à la défense nationale, tels les systèmes de communication ou de navigation et, enfin, le secteur très important des pièces détachées fournies aux deux autres secteurs. Ces trois secteurs sont liés d'une façon qu'il nous plairait de vous préciser.

Je pense que M. Longstaffe pourrait vous parler du secteur des pièces détachées, de manière à répondre à la question de M. Harkness beaucoup mieux que moi.



[Texte]

**Mr. Longstaffe (Vice-Chairman, Components Division, Electronic Industries Association of Canada—Executive Vice President, Renfrew Electric Co. Ltd., Toronto, Ontario):** Thank you, Mr. Chairman.

As mentioned by Mr. Phillips, I would like to elaborate a little on the high degree of interdependence between the various segments of our industry.

I am associated primarily with the components portion of our industry, but I can speak in some of the other areas.

The components side of the industry provides the building blocks for the equipment makers—communications equipment, TV sets, radios, that make up the final product that is sold. In fact, virtually all electronic equipment in Canada relies upon the components division products. If electronic equipment, television sets and radios are not built in Canada there is virtually no market for Canadian-produced electronic components.

Injury to the components division can occur in two ways: One, from the dumped imports of specific components and just as important by the dumped importation of finished equipment such as television sets. As component manufacturers we would reinforce Mr. Phillips point that any substantial dumping of any electronics products is injurious to the components manufacturing segment of our industry.

Our concern is that in the fast-moving electronics business our industry can be wiped out virtually overnight. We therefore need fast-moving investigative and enforcement machinery to deal with the dumping problem.

Mr. Chairman, if I may, I will now pass to Mr. Ed Gareau of our Tube Committee who can supply more specific examples of the effect of dumping of individual components—in this case tubes—and also on the effect of dumping of completed equipment such as television receivers.

**Mr. E. J. Gareau (Electronic Tube and Semiconductor Committee, Electronic Industries Association of Canada—General Sales Manager, Electronics Division Sylvania Electric (Canada) Ltd., Montreal, P.Q.):** I would like to talk for just a moment about one relatively small aspect of the electronics industry, the receiving tube, which in this year, 1968, is

[Interprétation]

**Le président:** Monsieur Longstaffe.

**M. Longstaffe (Vice-président de la division des pièces détachées, Association des industries électroniques du Canada, Vice-président du bureau exécutif de la Renfrew Electric Co. Ltd.):** Merci, monsieur le président. Comme M. Phillips l'a déjà dit, j'aimerais vous donner quelques détails sur l'interdépendance extrême des divers secteurs de notre industrie. Je m'occupe surtout du secteur des pièces détachées, mais je peux dans une certaine mesure déborder ce domaine?

Le secteur des pièces détachées fournit les éléments de montage nécessaires aux fabricants de matériel: systèmes de communication, appareils de télévision, postes de radio, c'est-à-dire les produits finis mis en vente. Presque tout l'équipement électronique du Canada dépend en fait de ce secteur des pièces détachées. Si le matériel électronique, les appareils TV et les postes de Radio ne sont pas fabriqués au Canada, il n'y a pratiquement pas de marché pour les composants électroniques de fabrication canadienne.

Le dommage causé à ce secteur se traduit de deux façons: d'abord, par le dumping pratiqué à l'importation de pièces détachées, puis, chose tout aussi importante, par celui appliqué aux importations de produits finis, tels les postes de télévision. En tant que fabricants de composants, nous voudrions apporter notre appui au point de vue de M. Phillips, à savoir que tout dumping notable de produits électroniques nuit au secteur des pièces détachées de notre industrie.

Ce qui nous inquiète c'est que dans ce genre d'industrie à l'évolution si rapide, notre industrie pourrait être balayée du jour au lendemain. Nous avons donc besoin pour faire face au problème du dumping, d'une méthode d'enquêtes et de mise en application très efficace et très rapide.

Monsieur le président, j'aimerais donner la parole à M. Ed. Gareau, de notre comité des tubes qui pourrait vous donner des exemples plus concrets des effets du dumping sur les composants électroniques ici, sur les tubes, et aussi de l'effet du dumping sur les produits finis, notamment les récepteurs TV.

**M. E. J. Gareau (Comité des tubes électroniques et des semi-conducteurs, Association des industries électroniques du Canada; directeur général des ventes, division électronique de la Sylvania Electric (Canada) Ltd., Montréal, P.Q.):** J'aimerais vous dire quelques mots d'un secteur relativement moins important de l'industrie électronique, les tubes,



## [Text]

approximately a \$30 million business directly employing about 800 people.

The main competitor in the world market, at least in Canada, for our product is the imported Japanese product. A receiving tube is still the barometer, if you will, of Canadian electronics, and it is a good example of what can happen if undervaluation of an imported product is not quickly recognized and just as quickly regulated.

In spite of a quota which has been placed on the importation of receiving tubes into Canada from Japan for the last five years, and in spite of a series of allegations of dumping by the industry, these figures may be of interest to you and give an indication of how serious this can be. In 1963 the domestic sales of made-in-Canada receiving tubes, as a percentage of the total Canadian sales of receiving tubes, amounted to 62 per cent. By the end of 1968, we expect this percentage to have dropped to a figure of 37.

## • 1600

At the same time, the percentage of imported Japanese receiving tubes to the same Canadian market rose from 11 per cent in 1963 to approximately 24 per cent by the end of 1968.

At the risk of becoming a little too involved with numbers here, I would like to table a few more. The total numbers of receiving tubes imported in actual sets into Canada over the same period of time has risen from 1 million in 1953 to 4½ million in 1968. At the same time, the number of receiving tubes imported in Japanese home entertainment products—radios, black and white and colour television sets—has risen from about 500,000 in 1963 to over 3 million this year, 1968.

I am stating that figure to give you an indication of how a market can disappear from us but really be in another phase of the market. As you know, these same sets have been proven to be dumped into this market. So, whereas at the moment we do not have a proven situation that the receiving tube has been dumped into the Canadian market, we know that our own market has disappeared because of the effect of dumping.

To give you a summary of the effect that this can have on Canadian industry, over the period of 1963 to 1968 the total usage of receiving tubes in Canada has been approximately 23 million receiving tubes. In 1963 the "made in Canada" product amounted to 59 per cent of that total tube usage. The Japanese participation in that market was 13 per cent. By the end of 1968 Canadian participa-

## [Interpretation]

industrie dont le chiffre d'affaires atteint cette année environ 30 millions de dollars et qui emploie près de 800 personnes. Le principal concurrent mondial dans ce domaine d'importation, est du moins au Canada, le Japon. Les tubes demeurent, si l'on peut dire le baromètre de l'industrie électronique au Canada car ils donnent un bon exemple de ce qui se passe lorsqu'un produit importé est vendu à bas prix, que l'on ne s'en aperçoit pas tout de suite et qu'on ne prend pas des mesures de contrôle.

En dépit d'un quota qui a été établi pour l'importation de tubes au Canada du Japon depuis cinq ans et en dépit d'une série d'accusations de dumping portées par notre industrie, ces chiffres pourront vous intéresser, vous donneront une idée de la gravité de la situation. En 1963, les ventes de tubes récepteurs au Canada en pourcentage des ventes totales du pays étaient de 62 p. 100.

A la fin de 1968, ce pourcentage aura probablement baissé à 37 p. 100.

En même temps, le pourcentage des tubes importés du Japon et vendus sur le marché du Canada est passé de 11 p. 100, en 1963, à 24 p. 100 à la fin de 1968. Au risque de vous donner trop de chiffres, j'aimerais vous en donner encore quelques-uns. Le nombre total de tubes récepteurs qui ont été importés pour les postes de télévision au Canada dans la même période est passé d'un million en 1963 à 4 millions et demi en 1968. En même temps, le nombre de tubes récepteurs importés pour les appareils domestiques japonais, tels les radios, les postes de télévision en noir et blanc et en couleur est passé de 500,000 environ en 1963 à plus de 3 millions en 1968.

Je cite ces chiffres pour vous donner une idée de la façon dont un marché peut nous glisser entre les doigts, mais c'est là vraiment un autre aspect du marché. Comme vous le savez, on a prouvé que ces mêmes appareils avaient fait parfois l'objet d'un dumping au Canada. Donc, bien que pour le moment nous n'ayons pas de preuve, nous savons que le marché canadien pour les tubes récepteurs disparaît à cause du dumping.

Je vais vous donner en résumé une idée de l'effet de ce dumping sur l'industrie canadienne. Pendant la période allant de 1963 à 1968, le nombre de tubes récepteurs utilisés au Canada était d'environ 23 millions. En 1963, 59 p. 100 seulement de ces tubes étaient fabriqués au Canada. La participation japonaise dans ce marché s'élevait à 13 p. 100. A la fin de 1968, la participation canadienne

*[Texte]*

tion in this market will have dropped to 30 per cent and the Japanese participation will have risen to 33 per cent.

Relating this to employment, to people involved in the industry—talking about direct labour, people who have taken many, many years of training to be able to do the jobs much as a watchmaker requires time to learn his trade—in 1963 there were about 1,700 people directly involved in the manufacture of a receiving tube. By the end of 1968 we expect there will be no more than 800, a drop of more than 50 per cent. If the present scale continues by 1970 an additional 300 people will be lost to the electronics industry in Canada.

To summarize this from the receiving tube point of view, at least, from this it can be seen how undervaluation in one segment of the industry—that is, in the television set part of our industry—can have an injurious effect on another. It also shows that we need effective and prompt action administered by people who are acquainted with the industry and its problems. Possibly even more importantly we are most concerned about this possibility taking place in view of the some \$50 million just invested in the last two years by our industry for the manufacture of colour picture tubes in Canada. This is a part of our industry which is now only two years old. It would be most serious to the industry to have these same type of figures develop over the years.

**Mr. Harkness:** Do you consider that the takeover of the manufacture of radios in Canada by Japanese imports and the very large increase in Japanese imports, so far as TV sets are concerned, and as far as tubes, particularly, are concerned, has been due primarily to dumping, or is it due primarily to the disabilities you mentioned which result from the excise tax in combination with lower cost labour in Japan?

• 1605

**Mr. Phillips:** Mr. Harkness, undoubtedly all of the points that you have made are factors in this condition. I believe the point we wish to emphasize is that in the case of television, to which you have referred, there has been a finding of dumping which has been publicized, if you will, and it is our belief that this dumping was occurring during the period that the share of the market taken by Japa-

*[Interprétation]*

dans ce marché aura diminué à 30 p. 100 et la participation japonaise aura augmenté à 33 p. 100.

Si l'on considère la question du point de vue de l'emploi, des personnes qui travaillent dans cette industrie—je veux parler de la main-d'œuvre proprement dite, des gens à qui cela a pris bien des années de recevoir la formation nécessaire pour ce travail, tout comme un horloger met longtemps à apprendre son métier—il y avait, en 1963, environ 1700 personnes qui travaillaient directement à la fabrication des tubes récepteurs. D'ici la fin de 1968, il n'y en aura plus, selon nos prévisions, que 800—ce qui représente une baisse de plus de 50 p. 100. Si cela continue à ce rythme, il y aura encore, en 1970, 300 personnes de moins dans l'industrie électronique au Canada.

Pour résumer la situation, en ce qui concerne les tubes récepteurs, du moins, on voit comment une sous-évaluation dans un secteur de l'industrie—c'est-à-dire, ici, dans le secteur des téléviseurs—peut porter préjudice à un autre secteur. Cela démontre aussi qu'il nous faut agir promptement et efficacement, et qu'il faut que ceux qui appliquent les mesures connaissent cette industrie et ses problèmes. Et, ce qui est peut-être encore cette éventualité que notre industrie vient d'investir, au cours des deux dernières années, environ 50 millions de dollars dans la fabrication de tubes récepteurs pour téléviseurs couleür au Canada.

C'est un secteur de notre industrie qui n'a que deux ans d'existence, et cela aurait des répercussions très graves sur l'industrie si ce genre de chiffres se reproduisait au cours des années.

**M. Harkness:** Pensez-vous que le fait que les radios importées du Japon remplacent peu à peu celles fabriquées au Canada, et la forte augmentation des importations de téléviseurs, et en particulier de tubes, du Japon sont dues principalement au dumping, ou est-ce l'effet de la taxe d'accise alliée aux bas salaires payés au Japon?

**M. Phillips:** Monsieur Harkness, la plupart des raisons que vous avez mentionnées contribuent à cette situation. Dans le cas des téléviseurs, dont vous venez de parler, il y a eu du dumping et on a fait une certaine publicité autour de cela, et nous croyons que le dumping s'est produit lorsque la partie du marché canadien accaparée par les Japonais est passée de 3.78 p. 100 en 1965 à un peu plus de 25



[Text]

nese television production rose from 3.78 per cent in 1965 to a little over 25 per cent in the first six months of 1968.

During this period it is our belief that the bulk of the television sets which were being imported from Japan during that period were, in fact, dumped. We do not have specific evidence of the percentage of the imports that were actually dumped, but to answer your question, this has certainly been a factor. As I mentioned earlier, during this period the profitability of the electronics industry during the same three-year period has fallen rather drastically and I think there is some correlation.

**Mr. Harkness:** I appreciate very strongly the importance to Canada's future of a healthy electronics industry and particularly sufficient funds in the hands of that industry to carry on the necessary program of research. What I am really trying to do is to isolate the reasons for the difficulties you have been experiencing so that, as you say, we may be in a better position to look at what remedies might be put into effect. This is particularly why I was attempting to get from you some judgment of how much the taking over of business by foreign products had been due to dumping and how much was due to these other factors.

**Mr. Phillips:** Certainly we do not have precise information on the specific question you asked.

**Mr. Harkness:** No; it is a matter of judgment, I think, really.

**Mr. Phillips:** Unless it would be a fair question to ask representatives of the Department of National Revenue it is our opinion that during the three-year period when the television importations from Japan rose from 3.78 per cent the Canadian market to 25 per cent, this was largely due to the dumping of Japanese television sets. This is our opinion, but it is only an opinion.

**Mr. Hind:** Mr. Chairman, with a view to straightening and the record I could perhaps say a word on our findings. Transistor radios are indeed mentioned in the brief. I would say that our investigations into the value of transistor radios imported into Canada from Japan has not shown any undervaluation. In other words, there has not been any dumping.

In the matter of electronic tubes, we have just recently completed an investigation and in the vast majority of cases we have found no undervaluation, no dumping. In a small

[Interpretation]

p. 100 au cours des six premiers mois de 1968.

Nous pensons que la plus grande partie des téléviseurs qui ont été importés du Japon au cours de cette période ont été, en fait, du dumping.

Nous n'avons aucune preuve précise du pourcentage de l'importation qui a fait l'objet d'un dumping. Mais, pour répondre à votre question, c'est vrai, c'est un facteur. Et comme je l'ai dit plus tôt, au cours de ces trois années, l'industrie de l'électronique a connu une forte baisse de ses profits. Il y a donc une corrélation entre les deux.

**M. Harkness:** Je comprends combien cela est important pour l'avenir du Canada d'avoir une industrie électronique forte et combien cette industrie a besoin de fonds pour faire les recherches nécessaires. En fait, j'essaie de cerner les raisons qui ont entraîné toutes ces difficultés. Nous pourrions plus facilement ensuite trouver des solutions. Et c'est ce que j'essaie d'obtenir de vous. J'essaie de savoir dans quelle proportion cette invasion de notre marché par les produits étrangers est due au dumping, et dans quelle proportion elle est due à ces autres facteurs.

**M. Phillips:** Nous n'avons pas de renseignements précis sur cela.

**M. Harkness:** Je sais que c'est surtout une question de jugement personnel.

**M. Phillips:** Il conviendrait peut-être de demander aux représentants du ministère du Revenu national quelles sont les statistiques. Mais, à notre avis, au cours des trois années où les importations de téléviseurs du Japon sont passées de 3.78 p. 100 à 25 p. 100 du marché canadien, cela était dû dans une large mesure au dumping de ces téléviseurs au Canada. Ce n'est qu'une opinion, toutefois.

**M. Hind:** Monsieur le président, pour rectifier certains points, je voudrais parler du résultat de nos recherches. On parle en effet des radios à transistors dans le mémoire. Nous avons fait enquête sur la valeur des radios à transistors importées du Japon au Canada, et nous n'avons pas vu trace de sous-évaluation, mais il est prouvé qu'il n'y a pas eu de dumping.

Pour les tubes électroniques, récemment, nous avons terminé une enquête, et, dans la majorité des cas, nous avons vu qu'il n'y avait eu ni sous-évaluation ni dumping.



## [Texte]

area we have found limited dumping and it is our intention to pursue this matter and collect the dumping duty.

In the matter of TV receivers, both black and white and colour, we have concluded our investigations. We rendered decisions, as the brief states, in the latter part of June of 1968. We did indeed find some dumping but I must caution that under the new law this may not mean dumping. We found dumping under the existing legislation but under the criteria of the new law we may find no dumping in the sense that we are using different yardsticks.

**The Chairman:** Mr. Hind, would it be considered injurious to the industry with the new law?

**Mr. Hind:** Yes, sir, if the penetration is as excessive as has been stated. To initiate a values investigation I would regard that as a *prima facie* case of injurious dumping. It would then be for another body, namely the injury Tribunal, to determine formally and finally whether these dumped imports represent injury to the industry.

**The Chairman:** Do you have any further question, Mr. Harkness?

• 1610

**Mr. Harkness:** I take it from what Mr. Hind has said that in his view the considerable takeover of the electronics industry which has taken place, particularly by Japanese imports, has not been due to dumping so much as to other factors. Is that correct?

**Mr. Hind:** Yes, sir, that is the inference I would take from it.

**Mr. Harkness:** On another very closely related matter, on page 5 of your brief you state:

In the more sophisticated field of complex electronics systems, communications systems for example, considerable concern has been expressed by electronics manufacturers who bid on contracts and produce and install such systems. They state that their past experience is such that it has been extremely difficult to recognize and establish that dumping has taken place with respect to systems contracts awarded to foreign competitors... —because these systems, really are a combination of engineering services, consulting fees, construction costs, towers, antennas, and

## [Interprétation]

Nous avons trouvé un peu de dumping dans un domaine restreint, et nous avons l'intention de réclamer des droits de dumping.

Quant aux téléviseurs blanc et noir et couleur, nous avons terminé notre enquête, et, comme on le déclare dans le mémoire, nous avons rendu notre décision vers la fin de juin 1968; nous avons découvert qu'il y a eu des cas de dumping, mais je dois dire que, conformément à la nouvelle loi il ne s'agit peut-être pas de dumping; c'est-à-dire, le dumping, défini selon la loi actuelle, existe, mais parfois, selon les critères de la nouvelle loi, ce ne sera pas du dumping. Cela veut dire que nous le mesurons d'une façon différente.

**Le président:** Monsieur Hind, est-ce que, selon la nouvelle loi, ce serait un préjudice causé à la production?

**M. Hind:** Oui, monsieur le président. Si la pénétration est aussi grave qu'on l'a prétendu, il faudrait une enquête visant à fournir la preuve élémentaire qu'il y a eu un préjudice causé à la production. Il incomberait ensuite à un autre organisme, c'est-à-dire au Tribunal chargé d'étudier le préjudice, de déterminer formellement et de façon décisive si ces importations de marchandises sous évaluées ont causé un préjudice à la production.

**Le président:** D'autres questions, monsieur Harkness?

**M. Harkness:** L'industrie électronique, au Canada, est de plus en plus supplantée par l'industrie japonaise notamment; cela n'est pas dû au dumping mais plutôt à d'autres facteurs, n'est-ce pas?

**M. Hind:** Oui, c'est ce que je crois.

**M. Harkness:** A la page 5 de votre mémoire, vous dites que dans le domaine des systèmes électroniques complexes, les systèmes de communication, par exemple, les fabricants qui font des soumissions en vue de produire et d'installer ces systèmes s'inquiètent beaucoup, car d'après leur expérience, disent-ils, il semble très difficile de dire s'il y a eu dumping ou non, face à nos concurrents étrangers, car ces systèmes sont une combinaison de services techniques, de frais de construction de tours, d'antennes, etc. Voici ma question: comment pouvez-vous dire que cela peut se déterminer? C'est un domaine très complexe et il est difficile de savoir s'il y a dumping ou non. Avez-vous une idée précise de la façon de déterminer s'il

[Text]

so forth. Now, my question is this: How do you suggest that this might be determined? I can see that there is a very difficult field there and the determination of whether dumping had taken place might be extremely difficult. I wondered if you had any specific suggestions how it could be determined whether dumping had actually taken place and the amount of injury this had caused.

**Mr. Phillips:** Mr. Chairman, before directing that question to Mr. Sutherland, would it be in order for me to make a further comment on the previous question asked by Mr. Harkness?

**The Chairman:** Please do, Mr. Phillips.

**Mr. Phillips:** I would like to refer to your previous question if I may, Mr. Harkness, in the matter of television sets. In the matter of the evaluations for importation which have been recently established by the Department of National Revenue as of June of this year, as indicated by Mr. Hind under these levels Canadian manufacturers—and I believe there are several; I know there are nine manufacturers of television in Canada—who have not been able over the past two or three years to manufacture certain types of television in Canada because of the price at which they were being imported from Japan, now consider that they can return to manufacture in Canada if the present basis of evaluation prevails.

I believe this is an indication that the pricing level that has prevailed in the importation of Japanese television sets has forced Canadian manufacturers out of manufacture of certain set sizes and they could return and would like to return. However, their concern, sir, just as Mr. Hind has indicated, is whether the present level of evaluations are going to prevail in 1969 because, as has been indicated, the manufacture of electronic gear is an intricate business involving the developing of high skills amongst people and before making the considerable investment required for the training of people and the forward commitment of supplies for manufacture, Canadian set manufacturers feel they would like to have some assurance that the present basis of evaluation will prevail in 1969 and thereafter.

**Mr. J. G. Sutherland (Vice-President and Chairman of Electronics Division) (Vice-President, Technical Products, RCA Victor Co. Ltd., Montreal, P.Q.):** Mr. Chairman, before I discuss the matter raised by Mr. Harkness, I wonder if it would not be worth while to spend a few moments on just exactly what I am talking about when I speak of a

[Interpretation]

y a vraiment dumping, et d'évaluer l'importance du préjudice causé.

**M. Phillips:** Monsieur le président, avant de répondre à cette question, pourrais-je ajouter un commentaire à la question précédente de M. Harkness?

**Le président:** Je vous en prie, monsieur Phillips.

**M. Phillips:** Je voudrais revenir à votre question précédente, monsieur Harkness, au sujet des téléviseurs.

D'après l'évaluation des importations, qui a été faite par le ministère du Revenu national en juin de cette année, les fabricants canadiens, et je pense qu'il y en a plusieurs, je sais qu'il y a neuf fabricants de téléviseurs au Canada—qui, depuis deux ou trois ans, n'ont pas pu fabriquer certains types de téléviseurs au Canada parce que le prix des appareils importés du Japon était beaucoup moins élevé, pensent maintenant qu'ils peuvent fabriquer les appareils au Canada, si nous conservons les bases d'évaluation actuelles.

Et cela indique, je pense, que le niveau des prix d'importation des téléviseurs japonais a forcé les fabricants canadiens à cesser de fabriquer certains types d'appareils. Mais il semble qu'ils peuvent et veulent en reprendre maintenant la fabrication. Toutefois, monsieur, comme M. Hind l'a dit, c'est le niveau actuel de l'évaluation qui les préoccupe, car ils veulent savoir si nous conserverons le même niveau l'an prochain. Les fabricants d'appareils électroniques voulant perfectionner les techniques, leur personnel doit posséder beaucoup de compétence; et avant de faire les investissements considérables nécessaires pour former ce personnel et répondre à la demande, les fabricants canadiens veulent être sûrs que les normes d'évaluation seront les mêmes en 1969, et par la suite.

**M. J. G. Sutherland (président de la Division des appareils électroniques et vice-président de la Division des produits techniques de la RCA Victor Co. Ltd., de Montréal):** Monsieur le président, avant d'étudier la question soulevée par M. Harkness, je voudrais savoir si on ne devrait pas consacrer quelques minutes à étudier ce qu'est exactement un système



*[Texte]*

complicated electronics system. I have a few handouts here, sir. May I suggest that they be circulated so the people can understand what I am talking about?

**The Chairman:** I will have them passed out.

## ● 1615

**Mr. Sutherland:** Gentlemen, a system, as we define it in the electronics sense, is a combination of several and many components for units to provide a desired total performance. The material being distributed at this time illustrates in picture form three typical types of systems with which we are faced in supply in Canada.

The first one is identified as a TV broadcast system, with which you are all familiar. This system may comprise several items, as listed on the right hand side of the page—studio buildings, transmitter, antenna and tower, auxiliary power station and so on.

The second exhibit refers to a VHF communications system and, as a legend on the right hand side shows, this might consist of a base station with a high power transmitter and receiver, an antenna tower, an antenna on top of that tower and several mobile stations throughout the area.

The third system is a wide band microwave length, which is the kind of communication system used throughout the country for the transmission of telephone and television. As you can see from the legend of the right hand side of the page, it might comprise microwave terminals, microwave repeaters, transmitter receiver equipment racks, auxiliary power stations, antenna towers, wave guide feed lines and so on—also service roads, which are common to all of these systems.

In addition to the three that I have cited here there are a limitless number of systems with which we could concern ourselves, but I will just mention one other—educational and instructional types of TV systems.

**Mr. Harkness:** I suppose another one would be a satellite system.

**Mr. Sutherland:** That is true sir, and that has just been announced in the press.

These systems are usually quoted to major industrial users such as broadcasters, telephone companies, power utilities, police and fire departments, and the value of these systems may vary anywhere from \$100,000 to \$200,000 up into the \$20 million, \$30 million and \$40 million category.

We feel that under the proposed legislation we may be exposed to an unfair competition

*[Interprétation]*

électronique complexe. Je pense qu'on pourrait distribuer le document que j'ai ici, pour qu'on comprenne bien ce que je veux dire.

**Le président:** Je demanderai au greffier de les distribuer.

**M. Southerland:** Messieurs, un système, au sens électronique du terme, est une combinaison de nombreux éléments adaptés à un but unique bien précis. Le document qu'on vous a remis reproduit trois systèmes typiques que nous utilisons au Canada. Le premier type est appelé le système de télédiffusion que vous connaissez bien. Ce système comprend plusieurs aspects: studios, appareils de transmission, antennes, tours, systèmes auxiliaires, etc. Le deuxième tableau porte sur le système de communication VHF. Dans la légende, à droite, on indique qu'il y a une station de base avec un transmetteur à grande puissance, une antenne...

Le deuxième tableau se réfère au système de communication VHF; dans la légende à droite, on indique qu'il y a une station de base avec un transmetteur de grand pouvoir, une antenne au-dessus de la tour, plusieurs stations mobiles dans la région.

Le troisième système est un système à large base d'ondes qui est utilisée dans le pays pour la transmission du téléphone et de la télévision. Comme vous pouvez le voir sur la légende à droite, des récepteurs micro-ondes, des retransmetteurs micro-ondes, des émetteurs-récepteurs, des stations auxiliaires, des tours, antennes, etc. Et aussi, les routes pour le service qui sont comprises dans les trois systèmes. En plus des trois types qu'on indique ici, il y a un certain nombre de systèmes qui pourraient nous intéresser. Il y a la télévision scolaire aussi.

**M. Harkness:** Je pensais aux satellites aussi.

**M. Sutherland:** On en a parlé dans les journaux hier. Ces systèmes sont utilisés par les compagnies de téléphone, les services d'utilité publique, les radiodiffuseurs, la police et les services d'incendies; ils coûtent de 100 à 200 mille dollars jusqu'à plusieurs millions, 30 ou 40 millions.

Nous pensons qu'en vertu de la loi projetée, nous aurons peut-être à faire face à une con-



## [Text]

that we are not faced with today. I will, perhaps by way of an example of a simple illustration, try and make this point.

Let us consider two Canadian systems contractors who were contending for one of these major projects to which I referred. Let us assume that these two suppliers are equally efficient and that they are both experienced in providing the system to be bid. Let the first supplier be providing everything from Canada—the towers, the roads, the radio equipment and including the engineering services that go with it.

Let the second supplier be providing most of the items from Canada—that is, the building, the roads and engineering services, but be importing the key electronic equipment which may go to make up the systems. This electronic equipment may only be 20 to 25 per cent of the total system, but of course is so far as our industry is concerned it is the key element.

## ● 1620

As I said, let us assume both suppliers are equally efficient, let us suppose that the items that are common are all sourced at equivalent prices so there is little to separate the two. Let us suppose that the man importing the equipment from a foreign country under the proposed legislation could import that equipment at a price which may be as much as 30 per cent below the normal value of the goods.

There are countries and there are manufacturers outside Canada who are prepared to sell goods on the basis of their factory cost plus a nominal mark up to liquidate expenses of general engineering research. So in the total systems price then he may have over a Canadian producer of that electronic equipment a 30 per cent advantage on equipment and, related to this total systems price, an advantage of five per cent. This five per cent may be used to distribute the cost of the other items that go to make up the bulk of the job, thereby reducing them only very slightly, but still providing him the margin whereby he could be awarded the contract. And when you consider that many of these jobs are bid according to elaborate specifications in many instances the prices are not made public. In other instances where there is no requirement to break down the prices into the various components and where, as I have illustrated here, the systems contractor who is importing the equipment may actually adjust the price of the imported product up to a normal value and use the additional margin he has gained by importing the product to alter the other prices of the functions that are

## [Interpretation]

currence injuste à laquelle nous n'avons pas à faire face aujourd'hui. Par un exemple, je pourrais vous illustrer ceci. Je voudrais examiner le cas de deux constructeurs de systèmes de communications désirant obtenir un même contrat important.

Supposons que les deux fournisseurs sont également compétents, et qu'ils ont l'expérience voulue pour la construction des nouveaux systèmes. Disons que le premier fournisseur prend tout son matériel au Canada, toutes les pièces d'équipement, les services d'ingénieurs etc.

Disons que le deuxième fournisseur prend la plupart des pièces au Canada, mais qu'il importe les principales pièces d'équipement électronique pour la composition de son réseau. Cet équipement électronique représente 20 ou 25 p. 100 seulement du système, du réseau, mais c'est l'élément-clé dans ce qui touche notre industrie.

Comme je l'ai dit, supposons que les deux fournisseurs sont également compétents et supposons aussi qu'ils obtiennent leurs pièces au même prix, alors il n'y a que peu de différence entre les deux jusqu'ici. L'importateur qui prend ces pièces dans un pays étranger conformément à la nouvelle loi pourrait importer les pièces à un prix qui pourrait être jusqu'à 30 p. 100 moins élevé que la valeur normale des pièces.

Dans certains pays, on est prêt à vendre des marchandises au prix du fabricant plus un léger supplément pour payer pour les recherches de génie. Alors, sur le producteur canadien, il a déjà un avantage de 30 p. 100 sur le prix de l'équipement et un avantage de 5 p. 100 sur le prix du réseau dans son ensemble. Les 5 p. 100 pourront être utilisés pour réduire le prix très peu. Toutefois, il aura une marge qui lui permettra peut-être d'obtenir le contrat.

Si dans la plupart des cas, les prix ne sont pas connus du public, dans d'autres cas, il n'est pas nécessaire de donner le prix de chaque pièce et comme je viens de le dire dans mon exemple, les importateurs d'équipement peuvent ajuster le prix des pièces importées jusqu'à la valeur normale et utiliser la marge pour changer le prix des autres pièces fabriquées ici. Il sera donc très difficile pour les fabricants canadiens de s'en rendre compte.

[Texte]

produced in Canada, it will be a very very difficult thing for the company manufacturing in Canada to detect this.

The only suggestion that we offer in this regard is one that was mentioned this morning. Although the task appears very burdensome, where the goods are of a class or kind made in Canada and if the determination could be made where the imported price varied by some margin from the normal value, this could automatically give rise to an investigation because the only other recourse is for the unsuccessful bidder to claim injury—but he would have great difficulty in proving himself that dumping has actually occurred because it would be lost in the addition of all these other components in a very large price.

Gentlemen, that is the concern that we have under the proposed legislation. Under the existing legislation we believe that some dumping has occurred. However, anybody that has brought goods in below the fair market value has been breaking the law, whereas under the proposed legislation he would not be doing this.

He may be bringing goods in at prices substantially below the normal values, he would not be breaking the law, but it could in fact do a great deal of injury to Canadian electronic companies who do a great deal of this systems business. This is the major segment of the electronics industry in Canada and one which is very vital to Canada, both from the point of view of our systems domestically and the export business which is ours to contend with. Thank you, Mr. Chairman.

**The Chairman:** Mr. Harkness, I know that this is a very complex matter but it is 30 minutes since you asked your first question. If time permits you will be free to ask more questions, but I have now Mr. Gillespie followed by Mr. Emard, Trudel, Downey and Saltsman.

**Mr. Gillespie:** Mr. Chairman, I think some of my questions will be supplementary to Mr. Harkness' so we may be able to cover part of it this way.

It is a complicated subject. It is an enormous subject. We are talking about two or three different markets. I would like to go back for a moment to the TV sets because I was not quite satisfied on the procedures that were used and the initiatives that were taken to determine whether or not dumping has occurred on TV sets.

[Interprétation]

La seule suggestion que nous pouvons faire est celle qui a été faite ce matin. Même si cela impose un grand fardeau. Dans ces cas où le prix à l'importation d'articles d'une classe ou d'une qualité semblables à celles d'articles fabriqués au Canada varie sensiblement de la valeur ordinaire, il devrait y avoir automatiquement enquête. La seule autre solution qui reste à celui qui a perdu le contrat est de se se plaindre et de dire qu'il y a eu dumping. Cela est très difficile à prouver quand on n'a que le prix d'ensemble.

Alors, messieurs, c'est notre préoccupation au sujet de la nouvelle loi. Nous savons qu'une certaine quantité de dumping s'est déjà produit en vertu des présentes lois, mais ceux qui ont importé des marchandises à un prix en-dessous de la norme ont enfreint la loi, avec la nouvelle loi, ils ne se trouveraient plus à le faire.

Les marchandises pourront être importées à des prix beaucoup moins élevés que le prix normal; ce ne sera pas une infraction, mais cela pourra nuire énormément aux compagnies d'électronique ici car c'est le principal secteur de l'électronique ici et c'est essentiel pour le Canada, secteur vital à notre production nationale et pour nos exportations.

Merci monsieur le président.

**Le président:** Monsieur Gillespie. Monsieur Harkness, je sais que c'est une question très complexe, mais nous vous avons déjà passé trente minutes à étudier la question. Si nous avons le temps plus tard, vous pourrez poser d'autres questions. Maintenant, monsieur Gillespie, Émard, Trudel, Downey et Saltsman. Monsieur Gillespie.

**M. Gillespie:** Je pense que ce sont des questions supplémentaires à celles qui ont déjà été posées par M. Harkness.

C'est une question très complexe, une question très vaste, nous parlons de deux ou trois marchés différents. Je voudrais revenir pendant quelques minutes à la question des téléviseurs. Car je ne suis pas convaincu que les procédures et les initiatives ont permis de déterminer s'il y avait eu dumping ou non sur les téléviseurs.



*[Text]*

The impression I got was that a determination was made this June that there had been some dumping on TV sets but that this process that you were complaining about had occurred over a period of some three years. I wonder if representatives of the industry could tell us when they first complained about dumping and when there was first significant evidence of dumping, and then perhaps we might have the officials comment on this so that we get this part in perspective before we go on to the industrial systems.

**Mr. Phillips:** Mr. Chairman, in reply to that question, laying charges of dumping has been a matter not only handled by the Association on an industry basis but it has also been handled by individual companies who have confidential and specific information to submit under the said circumstances. So that we in the Association do not have specific knowledge as to particular dates that particular submissions may have been made in connection with television imports into Canada.

**Mr. Gillespie:** Any complaints would have been made by individual manufacturers directly to the Department of National Revenue, is that correct?

**Mr. Phillips:** This is the case under certain circumstances, yes. I know in this particular instance it has been the case—that there have been private submissions, but I cannot tell you what the timing of these particular submissions was.

**Mr. Hind:** I speak subject to correction, Mr. Chairman, but my information is that the Association as an association did not lodge any complaints of underevaluation on TV sets. I understand further that one company made verbal representations but were not very well prepared to confirm them in writing. However, on the strength of the verbal complaints that were made to us the Department of National Revenue did go ahead, undertook an investigation and, as I said before, we found dumping.

I would like to reiterate that we must depend upon industry to tell us when they think dumping is taking place. Mr. Sutherland has told you just how complex it is for anyone to know whether there is dumping and where it is. We certainly are keeping our eyes open. To follow up a point that has been made to us, I think perhaps by Mr. Sutherland, if we do see an invoice coming through involving goods of a class or kind made in Canada—that is goods that we either know are made here or think are made here—and if the information on that invoice shows or suggests dumping in the sense that the fair market

*[Interpretation]*

J'ai l'impression que l'enquête s'est terminée en juin dernier et qu'il y a eu dumping, mais vous dites que cela s'est produit au cours d'une période de trois ans. Je voudrais savoir si les représentants de l'industrie pourraient nous dire quand la première plainte a été faite et quand il est devenu évident qu'il y avait du dumping, et alors nous pourrions demander aux fonctionnaires d'ajouter leurs commentaires, ensuite, nous passerons aux systèmes industriels.

**M. R. A. Phillips:** Monsieur le président, en réponse à la question, je dirai qu'au sujet des accusations de dumping, la question a été étudiée non seulement par notre Association pour l'industrie de l'électronique, mais il y a aussi des compagnies individuelles qui ont des renseignements confidentiels en main et qui ont des cas précis en main; nous n'avons pas de renseignements exacts sur les dates, sur les plaintes exactes au sujet des téléviseurs importés au Canada.

**M. Gillespie:** Certaines plaintes ont été faites par des fabricants individuels directement au ministère du Revenu national, n'est-ce pas?

**M. Phillips:** C'est ce qui est arrivé dans certains cas et je sais que dans ce cas particulier, il y a eu des plaintes individuelles. Mais quand exactement, je ne le sais pas.

**M. Hind:** Qu'on me corrige si je fais erreur, monsieur le président, mais je pensais que l'Association comme telle n'a pas présenté de plaintes sur la sous-évaluation du prix des téléviseurs et en plus, une compagnie a présenté des instances orales mais elle n'était pas prête à les faire par écrit. Toutefois, à la suite du rapport oral qui a été fait, le ministère du Revenu national a entrepris l'enquête et comme je l'ai dit plus tôt, on avait vu qu'il y avait eu du dumping.

Je tiens à répéter que les industries doivent nous le laisser savoir quand lorsqu'elles pensent qu'il y a eu dumping. Monsieur Sutherland vous a dit combien il est difficile de savoir s'il y a du dumping et où cela se produit.

Nous avons l'œil ouvert et pour revenir sur une question qui a été mentionnée par M. Sutherland, je crois, si nous voyons des commandes pour des marchandises qui sont aussi fabriquées au Canada (ou que nous pensons que les mêmes articles sont produits ici) et si les renseignements sur le bon de commande laissent entendre qu'il y a du dumping



[Texte]

value is higher than the selling price I would like to hope that we would pick up an importation of that kind and investigate it as long as we were satisfied that we would find some material injury as well because, under the new law, we should not waste our time looking into valuation unless we feel reasonably satisfied that we will find material injury as well.

**Mr. Gillespie:** Part of my concern is the length of time involved, Mr. Chairman, in view of the changes in the proposed act.

Could Mr. Hind tell us how long it took him to make the determination which ended last June?

**Mr. Hind:** Mr. Chairman, I do not have any statistics with me. I would have to say though that our investigation was a very extensive one: we called upon 18 different Japanese manufacturers and we issued rulings to all 18. I am sorry I do not have the time span, however.

**Mr. Gillespie:** Was it more than three months, for instance?

**Mr. Hind:** I would not know. We do know that in future we may not take more than three months to undertake an investigation. You may remember that at an earlier hearing I cited statistics that showed that out of I think 148 complaints we received during a six months period we were able to complete 80 per cent of the cases within a three months period. There was no onus on us, and there is no onus under the present law, to proceed rapidly. I would hope that with the time limits we now find in the proposed legislation that we will be able to do much better than that 80 per cent figure.

• 1630

**Mr. Gillespie:** May I revert to another point that was raised in this connection. It had to do with the basis of valuation. I think the statement was made by an industry representative that if the existing basis of valuation were continued there would be no problem, or at least you did not fear there would be, if I understood you correctly.

**The Chairman:** The statement was made by Mr. Phillips.

**Mr. Gillespie:** I would like Mr. Hind, if he would, to comment on what significant changes, if any, there may be with respect to valuation under the new Act.

**Mr. A. R. Hind (Assistant Deputy Minister, Department of National Revenue (Customs**

[Interprétation]

c'est-à-dire que le prix de vente est moins élevé que le prix de notre marché, nous ferons enquête tant que nous ne saurons pas s'il y a eu dumping ou non et s'il y a eu préjudice.

Conformément à la nouvelle loi, nous n'aurons pas à perdre notre temps sur l'évaluation à moins que nous soyons convaincus que nous trouverons un préjudice aussi.

**M. Gillespie:** C'est la question qui m'intéresse aussi monsieur le président, compte tenu des modifications contenues dans le projet de loi. Monsieur Hind pourrait-il nous dire combien de temps il a pris pour terminer le rapport qui a été présenté en juin dernier?

**M. Hind:** Je n'ai pas de statistiques en main, mais notre enquête a été longue et approfondie. Nous avons fait appel à 18 fabricants japonais et avons fait connaître notre décision à ces 18 fabricants.

**M. Gillespie:** Est-ce que cela a duré plus de trois mois?

**M. Hind:** Je ne sais pas. Nous savons qu'à l'avenir, cela ne prendra pas plus de trois mois pour faire une enquête; à une séance précédente, j'avais donné des statistiques qui indiquaient que 148 plaintes avaient été présentées au cours d'une période de six mois; nous en avons étudié 80 p. 100 au cours d'une période de trois mois. Et rien ne nous oblige de procéder rapidement selon la loi actuelle. Avec les délais prescrits dans la nouvelle loi, nous espérons que nous pourrions faire beaucoup mieux et dépasser ce chiffre de 80 p. 100.

**M. Gillespie:** Je voudrais revenir sur une autre question, celle de l'évaluation, traitée déjà par un représentant de l'industrie. Si on conserve la présente base d'évaluation, il n'y aura pas de difficulté?

**Le président:** Monsieur Phillips l'a dit.

**M. Gillespie:** J'aimerais que M. Hind nous partie des changements importants qui pourraient être apportés à l'évaluation en vertu de la nouvelle loi.

**M. A. R. Hind:** Monsieur le président, ce n'est pas une nouvelle question. Elle a été

[Text]

**and Excise**): Mr. Chairman, this is not a new point. This point has been made to the Committee by Mr. Grey in the early days when he explained the background. He did indeed say that there are significant differences between the present law and the proposed law.

I would mention two areas which may require us to make allowances from the current values that are now in effect. One is the trade level of the importer. In other words, under the new legislation as I understand it, National Revenue must reduce the normal value found in the country of export by an allowance or a discount for the fact that the Canadian importer is at a superior trade level to the best class of trade that is found in the home market.

In other words, if in the home market sales are made only to wholesalers and the price is \$100 whereas the Canadian importer is a distributor who sells to wholesalers in Canada, then under the new law as I understand it, the \$100 figure may be reduced by some percentage to reflect the work done in Canada by the national distributor.

Another point of difference is in the matter of quantity. Under the existing law, even though the quantities coming to Canada are larger than the quantities sold in the home market, we may not make any allowance for the larger quantities coming to Canada. Under the proposed legislation we will be required to make a downward revision. So, in these two areas, it could well be that the current values on TV sets will have to be reduced.

**The Chairman:** Does Mr. Sukloff care to make any comments on the remarks just made by Mr. Hind?

**Mr. R. G. Sukloff (Chairman, Tariff Advisory Committee, Electronic Industries Association of Canada, (Manager, Customs Section, Canadian General Electric Co. Ltd., Toronto, Ontario)):** Yes, and they are relative to Mr. Gillespie's remarks. Mr. Chairman, I would like to direct a question to Mr. Hind. You mentioned that there was no finding of dump in several cases and led us to believe, rightly I think, that it will be more complicated in the future. If after January 1 there was a determination of non-dumping, am I right in assuming that such a decision under the new legislation could be appealed to the Tariff Board, which is not the case at the present time?

**Mr. Hind:** Mr. Chairman, if I understand the question, the Department makes an investigation and does not find dumping and an

[Interpretation]

mentionnée par M. Grey lorsqu'il avait expliqué les faits généraux. Il a dit, en effet, qu'il y a de grandes différences entre la loi actuelle et la loi à venir.

Toutefois, il y a deux points qui peuvent exiger que nous tenions compte des valeurs courantes qui sont en vigueur. Il y a d'abord le niveau commercial de l'importateur c'est-à-dire, comme je le comprends d'après la nouvelle loi, le ministère du Revenu national doit réduire la valeur normale trouvée dans le pays d'exportation en accordant une allocation ou un rabais, car l'importateur canadien est à un niveau commercial supérieur à la meilleure catégorie de commerce qui se trouve sur le marché domestique.

En d'autres termes, si sur le marché domestique, les ventes se font seulement aux grossistes et que le prix est de \$100, alors que l'importateur canadien est le distributeur qui vend aux grossistes canadiens, je crois comprendre qu'en vertu de la nouvelle loi, le chiffre de \$100 sera alors réduit d'un certain pourcentage pour indiquer le travail fait ici par le distributeur canadien.

L'autre point qui diffère est la question de la quantité. Selon la loi actuelle, même si les quantités importées ici sont plus grandes que les quantités vendues sur le marché domestique, nous ne pouvons pas accorder de rabais pour ces quantités excédentaires importées. La nouvelle loi exigera que nous révisions et réduisions les prix. Donc, dans ces deux cas, il faudra sans doute réduire la valeur actuelle des téléviseurs.

**Le président:** Monsieur Sukloff, est-ce que vous avez des remarques à faire sur ce que vient de dire M. Hind?

**M. R. G. Sukloff (Président du Comité consultatif du tarif, association des industries électroniques du Canada, gérant de la Section des douanes, Compagnie Générale Electrique du Canada, limitée, Toronto, Ont.):** Oui, j'en ai au sujet des observations de M. Gillespie. Monsieur le président, j'aurais une question à poser à M. Hind. Vous avez mentionné que dans plusieurs cas on n'avait pas à constater de dumping, et tout nous porte à croire que cela sera assez compliqué à l'avenir.

Si, après le 1<sup>er</sup> janvier, on détermine qu'il n'y a pas de dumping, ai-je raison de penser que d'après la nouvelle loi, on pourrait appeler de cette décision devant la Commission du tarif, ce que l'on ne peut pas faire en ce moment?

**M. Hind:** Monsieur le président, si j'ai bien compris la question, le ministère fait une enquête et ne trouve pas de dumping, et l'im-



*[Texte]*

importer feels aggrieved in the sense that the determination of the Department is incorrect. My understanding is that such a case can be appealed to the Tariff Board. In other words, the Tariff Board will be able to hear appeals as to values. Expressed differently, if the Department of National Revenue does not come up with proper values in accordance with the criteria of the new law, these values can be challenged before the Tariff Board; and in respect of points of law beyond that, to the Exchequer Court.

**Mr. Sukloff:** Thank you, Mr. Hind. I just want to extend the question a little. Am I right, then, in saying that before the new legislation becomes law or whatever is required, there was a finality to your decision, there was no appeal from it?

• 1635

**Mr. Hind:** No, sir, I did not mean to make that implication. At the present time the value for duty purposes determined by the Department of National Revenue is indeed appealable to the Tariff Board and it will be in the future. I am sorry if I misunderstood your question.

**Mr. Sukloff:** You did, Mr. Hind. I realize that the valuation aspect of it can be appealed, but the question of dumping duty, the dumping penalty cannot be appealed; there is a finality. Or is it automatic if you find an error in the valuation for duty purposes?

**Mr. Hind:** Maybe this time I can ask a question or two. Are you suggesting that we have found dumping, that a margin of dumping has been found? And you are asking whether this can be appealed?

**Mr. Sukloff:** That is right.

**Mr. Hind:** If you feel that the margin of dumping is incorrect, yes, it can be appealed because this goes back to the normal value.

What is the normal value? The margin of dumping is the difference between the normal value and the export price, and if you feel that the margin is improper, this is saying that National Revenue has come up with either an improper normal value or an improper export price and as I understand it both these factors are appealable to the Tariff Board.

**Mr. Sukloff:** Thank you. Therefore, we can assume that automatically, if you will, this is an added protection to the Canadian manufacturer which he did not have before.

*[Interprétation]*

portateur se sent lésé parce qu'il croit incorrecte la décision du ministère. Je crois qu'on peut appeler de cette décision devant la Commission du tarif, c'est-à-dire que la Commission du tarif pourra entendre les appels relatifs aux valeurs.

En d'autres termes, si le ministère du Revenu national n'établit pas les valeurs justes conformément aux critères établis par la nouvelle loi, ces valeurs peuvent être contestées devant la commission du tarif, et même jusqu'à la Cour de l'Échiquier en ce qui a trait aux points de droit.

**M. Sukloff:** Merci, monsieur Hind. Je voudrais prolonger un peu ma question. Ai-je raison de dire que votre décision était finale, qu'il n'y a pas eu d'appel interjeté contre elle avant que la nouvelle mesure législative ne devienne loi?

**M. Hind:** Non, Monsieur, je ne voulais pas laisser entendre cela. En ce moment, la valeur déterminée aux fins douanières par le ministère du Revenu national peut faire l'objet d'un appel devant la Commission du tarif et cela sera possible à l'avenir. Si j'ai mal compris votre question, je le regrette.

**M. Sukloff:** Vous l'avez en effet mal comprise, monsieur Hind. Je réalise qu'on peut appeler de l'évaluation, mais pas du droit antidumping ou de l'amende imposée; c'est final, n'est-ce pas? Ou est-ce automatique si vous trouvez une erreur dans l'évaluation, aux fins douanières?

**M. Hind:** Peut-être que cette fois j'aurai quelques questions à poser. Laissez-vous entendre que nous aurions trouvé du dumping, une marge de dumping? Et vous demandez si on peut appeler de cela?

**M. Sukloff:** C'est juste.

**M. Hind:** Si l'on croit que la marge de dumping n'est pas juste, oui, on peut en appeler, parce que cela remonte à la valeur normale.

Quelle est la valeur normale? La marge de dumping est la différence entre la valeur normale et le prix d'exportation. Si vous pensez que la marge n'est pas juste, cela veut dire que le ministère du Revenu national n'a pas fixé correctement la valeur normale ou le prix d'exportation. Par conséquent, je crois qu'on peut appeler de ces deux facteurs.

**M. Sukloff:** Je vous remercie. On peut donc supposer que c'est automatiquement une protection supplémentaire pour le fabricant canadien qui ne l'avait pas auparavant.



[Text]

**Mr. Hind:** Mr. Chairman, I do not really think that this is an added protection. I think that the same principle is inherent in the present law unless I am overlooking something.

**Mr. Sukloff:** Mr. Chairman, I do not want to belabour this point but we disagree with your finding in connection with the importation of radio tubes and we have no appeal from your finding in so far as dumping duty is concerned.

**Mr. Hind:** I am sorry, Mr. Chairman. You have an appeal, Mr. Sukloff. You could import some tubes from Japan. We would give you a value of no dumping which represented no dumping. You could appeal that as an aggrieved person under the new law.

**Mr. Sukloff:** I see. That would be going about it the hard way.

**Mr. Hind:** The appeal procedure is there none the less.

**The Chairman:** Mr. Arthur, do you wish to make any comments on the subject?

**Mr. C. D. Arthur (International Economic Relations Division, Department of Finance):** Mr. Chairman, I am still having some difficulty with this question and, I think, for the same reason as Mr. Hind. I am not certain whether Mr. Sukloff is referring to an importation on which he believes there is dumping and on which the Deputy Minister of National Revenue decides that either the dumping is negligible or that the injury is negligible. Is there any appeal from that decision? And at the other end of the procedure, whether the margin of dumping that has been determined after the Tribunal has issued an order or finding on injury, is that appealable? Do we understand that Mr. Sukloff's question relates to the first instance or to the latter stage?

**Mr. Sukloff:** Mr. Chairman, let me crystallize it, then, for the two officials. We claim after January 1 that there is injurious dumping and the Deputy Minister makes the determination of non-dumping. It is not a question of value for duty but he says there is no transaction dumping. Now, when he made that statement we had no appeal other than to import and test it. Under the new legislation I understand we now have further protection in that we can dispute this without going through the trouble of importing if we could at the same valuation.

[Interpretation]

**M. Hind:** Monsieur le président, je ne pense pas vraiment qu'il s'agisse d'une protection supplémentaire. Je pense que les mêmes principes sont inhérents dans la loi actuelle, à moins que j'aie oublié quelque chose.

**M. Sukloff:** Monsieur le président, je ne veux m'étendre abusivement sur cette question, mais nous ne sommes pas d'accord avec votre décision au sujet des lampes de radio et nous n'avons pas appelé de votre décision en ce qui concerne les droits de dumping.

**M. Hind:** Je regrette, monsieur le président. Mais vous avez le droit d'appel, monsieur Sukloff. Vous pouvez importer des lampes du Japon. Nous vous donnerions une valeur de non-dumping qui ne faisait pas l'objet de dumping. Vous pourriez appeler de cela à titre de personne lésée par la nouvelle loi.

**M. Sukloff:** Je comprends, mais ce serait une procédure difficile.

**M. Hind:** Oui, mais la procédure des appels existe quand même.

**Le président:** Monsieur Arthur, désirez-vous faire des commentaires sur le sujet?

**M. C. D. Arthur:** Monsieur le président, j'ai encore des difficultés au sujet de cette question, pour la même raison que M. Hind. Je ne suis pas certain si M. Sukloff parle d'importation qu'il croit faire l'objet de dumping, et au sujet de laquelle le sous-ministre du Revenu national décide que le dumping ou le préjudice est négligeable, et qu'il se demande si on peut appeler de cette décision; ou d'autre part, si la marge de dumping qui a été déterminée après que le tribunal aurait rendu une ordonnance ou une décision, est-ce qu'on peut en appeler? Je me demande si la question de M. Sukloff se rapporte au premier cas ou au second cas?

**M. Sukloff:** Monsieur le président, permettez-moi d'éclaircir la question. Nous prétendons qu'après le premier janvier qu'il y a dumping préjudiciable et le sous-ministre détermine qu'il n'y a pas de dumping. Ce n'est pas une question de la valeur pour la douane, mais il dit qu'il n'y a pas de dumping dans la transaction. Lorsqu'il a fait cette déclaration, nous ne pouvions en appeler à moins d'importer et de faire les preuves. D'après la nouvelle mesure législative, si j'ai bien compris, nous avons une protection supplémentaire, parce que nous pouvons contester ces décisions sans avoir besoin d'importer pour établir des preuves.

## [Texte]

**Mr. Arthur:** Yes, Mr. Chairman. As I understand sub-clause (7) of clause 13,

... the Deputy Minister comes to the conclusion that there is no evidence of material injury or retardation within the meaning of that paragraph,

relating back again to sub-clause (b),

(b) he or the complainant,...

and assuming that you are the complainant,

If any, may, within such period from the date of the notice described in paragraph (a) as is prescribed by the regulations, refer to the Tribunal the question whether there is any evidence that the dumping of the said goods has caused, is causing or is likely to cause material injury...

**Mr. Sukloff:** Mr. Chairman, I must apologize for not being clear but we are not talking about injury. I am talking about the Minister's determination. He says: "You fellows are wrong; you have complained frivolously. I can find no determination of injurious dumping." At this stage we cannot even get before the Tribunal.

• 1640

**Mr. Gray:** Gentlemen, I am sorry I have not been able to follow the complete discussion because I have been at another meeting, but it seems to me, sir, that you are combining two concepts in your statement. You keep talking about injurious dumping, and the structure or the scheme of the bill deals with two concepts which, of course, have to be related to permit the imposition of duty. First, there is the question of whether there is dumping; and secondly, if there is dumping the question arises as to whether this dumping has caused injury.

With respect to the question of injury, there is the right of appeal to the Tribunal which is proposed under the bill. If I follow what I think you are trying to say, you are concerned about the right of appeal, if any, on the question of dumping; that is to say, whether or not the goods which are being imported and for which there is an effort made for them to make entry into Canada are being sold in Canada at a price below that for which they are offered for sale on the domestic market. I believe, if I am not mistaken, that there are certain types of appeal provisions available in the proposed act with respect to both the Tariff Board and the Exchequer Court.

**Mr. Arthur:** This is true, Mr. Chairman. But again my understanding of the question

## [Interprétation]

**M. Arthur:** Oui, monsieur le président. Si j'ai bien compris le paragraphe 7 de l'article 13,

lorsque le sous-ministre conclut qu'il n'y a pas eu de preuve de préjudice ou de retard sensibles au sens de l'alinéa,

et me reportant de nouveau à l'alinéa b),

b) il peut ou le plaignant

et en supposant que vous êtes le plaignant,

s'il en est, peut, dans le délai suivant la date de l'avis mentionné à l'alinéa a) que prescrivent les règlements, soumettre au Tribunal la question de savoir s'il y a une preuve quelconque indiquant que le dumping des marchandises a causé, cause ou est susceptible de causer un préjudice sensible...

**M. Sukloff:** Monsieur le président, je dois m'excuser de ne pouvoir m'expliquer clairement. Nous ne parlons pas de préjudice. Je parle de la détermination du ministre. S'il dit: «Vous n'avez pas raison, vos plaintes sont futiles, je ne trouve pas qu'il y a un dumping préjudiciable», à ce moment-là, nous ne pouvons même pas nous présenter devant le tribunal.

**M. Gray:** Monsieur le président, messieurs, je m'excuse de n'avoir pu suivre toute la discussion, mais j'étais à une autre réunion. Il me semble toutefois, monsieur, que vous alliez deux concepts dans votre déclaration. Vous parlez toujours de dumping préjudiciable, et la composition du projet de loi traite de deux concepts entre lesquels il doit naturellement y avoir rapport pour permettre l'imposition du droit. Il faut d'abord savoir s'il y a un dumping; et, dans l'affirmative, il faut ensuite s'assurer que ce dumping a causé un préjudice.

Dans le cas de préjudice, il y a le droit d'appel devant le Tribunal, qui est proposé dans le projet de loi. Si je comprends bien ce que vous voulez dire, vous vous inquiétez du droit d'appel, s'il y en a un, sur la question du dumping, c'est-à-dire de savoir si les marchandises importées ou que l'on essaie de faire entrer au Canada, sont vendues au Canada à un prix inférieur à celui auquel elles sont offertes sur le marché domestique. Si je ne me trompe pas, je pense qu'il y a certaines dispositions d'appel dans le projet de loi qui permettent d'en appeler devant la Commission du tarif et devant la Cour de l'Échiquier.

**M. Arthur:** C'est vrai, monsieur le président, mais si j'ai bien compris la question il



[Text]

is that this is in advance of a determination by the Tribunal.

**Mr. Sukloff:** That is right.

**Mr. Arthur:** And the appeal to the Tariff Board and to the Exchequer Court such as exists now under the Customs Act is carried forward in those cases where there has been a determination of injury and the Deputy Minister of National Revenue, on the strength of that order or finding of the Tribunal, does determine a margin of dumping. The margin of dumping or the description of goods is appealable on a matter of fact to the Tariff Board and on a question of law to the Exchequer Court, as in the present Customs Act.

But I think Mr. Sukloff is referring to a case where a complainant may go to the Department of National Revenue and claim that there has been dumping and that it would cause injury; and in the process the Deputy Minister of National Revenue comes to the conclusion that the dumping is negligible and therefore that the injury is negligible.

I have suggested, Mr. Chairman, if I understand sub-clause 7 that if the Deputy Minister comes to that conclusion and he gives notice to this effect, under clause 13, sub-clause 7(b) the complainant, within a prescribed period of time, may take that matter to the Tribunal.

**Mr. Sukloff:** Mr. Arthur, I would hope he could take it to the Tariff Board. Do you mean to say that we dispute Mr. Hind's statement that there was no dumping of radio tubes? Do I understand that we have no appeal from that determination?

**Mr. Gray:** If you are not in agreement with Mr. Hind's finding that there has been dumping in the sense that you do not agree with his decision on value or his decision on classification of goods, you can go to the Tariff Board. If you are not satisfied with his decision whether there is sufficient evidence of injury so that the procedure can continue, then you go to the injury tribunal.

The question of injury is one initially for decision by the Deputy Minister subject to, in the cases provided for by the Act, the right of appeal to a special tribunal which does not exist at present, which will be set up if this bill is adopted by Parliament, which will have an independent status somewhat similar to that of the Tariff Board, and whose basic and sole responsibility is to go into the question of injury in a practical and businesslike

[Interpretation]

s'agit d'un appel en avance de la décision du Tribunal.

**M. Sukloff:** C'est juste.

**M. Arthur:** L'appel devant la Commission du tarif et devant la Cour de l'Échiquier, comme on peut le présenter actuellement en vertu de la Loi sur les douanes, est reporté dans les cas où il y a eu détermination de préjudice, et le sous-ministre du Revenu national, sur la foi de cette ordonnance ou décision du Tribunal, détermine une marge de dumping. La marge de dumping ou la description des marchandises constitue matière à appel devant la Commission du tarif sur une question de fait, et devant la Cour de l'Échiquier sur une question de droit, comme dans la Loi actuelle sur les douanes.

Je pense que M. Sukloff parle d'un cas où le plaignant peut aller au ministère du Revenu national et prétend qu'il y a eu dumping, et que cela causerait un préjudice. Le ministre du Revenu national en vient alors à la conclusion que le dumping est négligeable et que, par conséquent, le dommage l'est aussi.

Monsieur le président, d'après la façon dont je comprends le paragraphe (7), si le sous-ministre en vient à cette conclusion et qu'il donne avis de cela, conformément à l'alinéa b) du paragraphe (7) de l'article 13, le plaignant peut, dans le délai prescrit, soumettre la question au Tribunal.

**M. Sukloff:** Monsieur Arthur, je voudrais qu'il puisse soumettre la question à la Commission du tarif. Voulez-vous dire que nous contestons la déclaration de M. Hind, que les lampes radio n'ont pas fait l'objet de dumping? Dois-je comprendre que nous ne pouvons en appeler de cette décision?

**M. Gray:** Si vous n'êtes pas d'accord avec la décision de M. Hind portant qu'il y a eu dumping, au sens que vous contestez sa décision au sujet de la valeur ou de la classification de marchandises, vous pouvez en appeler à la Commission du tarif. Si vous n'êtes pas satisfait de sa décision, savoir, s'il y a une preuve de préjudice suffisante pour continuer la procédure vous portez alors la question devant le tribunal qui traite des questions de préjudice.

La question de préjudice relève d'abord du sous-ministre, sous réserve, dans les cas prévus par la loi, du droit d'appel à un tribunal spécial qui n'existe pas en ce moment, mais qui sera institué lorsque ce projet de loi sera adopté par le Parlement, et ce tribunal aura un statut indépendant semblable à celui de la Commission du tarif et dont la responsabilité unique et fondamentale sera d'examiner les questions de préjudice d'une façon pratique



[Texte]

way, apart from what you might call legalistic interpretations which many people on the importing side, on the exporting side, and on the domestic manufacturing side have said do not fit the realities of technology, business and manufacturing today.

• 1645

**Mr. Sukloff:** Mr. Gray, to a point you are, of course, absolutely correct. But my question to Mr. Hind is this. We cannot go to the Tribunal on a question of injury unless the Deputy Minister finds a dumping situation. Now that is right, is it not? Therefore, I want some forum or some avenue to protest the Deputy Minister's decision that there was no dumping duty. I do not want that to be the end of it.

**The Chairman:** Mr. Hind.

**Mr. Hind:** Mr. Chairman, as I said before, I believe there is an appeal procedure for cases of this kind. Someone would be aggrieved by the Deputy Minister's decision. He would say that the normal value that he finds, and which he says results in no dumping, is not correct. An importation could be made by someone interested, and this importation could be appealed to the Tariff Board. The Tariff Board would establish the normal value of the goods, and this would then constitute the one figure with which we compare the other figure, namely, the export price, and one would see whether there is dumping or not.

**Mr. R. S. Sukloff:** Mr. Chairman, I am in your hands and must apologize, but this thing is so important to us. The question was asked—what the value of one of these systems might be. It might be \$1 million, and this would be a very expensive way of testing out something.

**The Chairman:** Mr. Sukloff, may I make a suggestion. I do not know if it will be agreeable to your Association, but as you said it is very, very important to you. May I suggest a meeting with the officials of the Finance and the National Revenue departments. You may have better satisfaction than to throw questions at each other right now.

**Mr. Sukloff:** Thank you, Mr. Chairman.

**The Chairman:** Mr. Gray, I made the suggestion that if the representatives of the association are not satisfied with the information they have just received, they could have a meeting with the officials of the Finance and National Revenue departments. We may

[Interprétation]

et précise, en plus des interprétations légales qui, selon plusieurs personnes dans l'importation, dans l'exportation ou dans la fabrication domestique, ne s'accorde pas avec les réalités de la technologie, du commerce et de la fabrication modernes.

**M. Sukloff:** Vous avez raison jusqu'à un certain point. Voici ma question à M. Hind: Nous ne pouvons porter devant le Tribunal une question de préjudice, à moins que le sous-ministre trouve qu'il y a eu dumping. J'ai raison n'est-ce pas? Par conséquent, je voudrais un moyen de protester contre la décision du sous-ministre, portant qu'il n'y a pas eu de droit de dumping. Je ne voudrais pas que la chose s'arrête là.

**Le président:** Monsieur Hind.

**M. Hind:** Monsieur le président, comme je l'ai déjà dit, je pense qu'il y a une procédure d'appel pour ce genre de cas. Si une personne se sentait lésée par une décision du sous-ministre, elle dirait que la valeur normale, qu'il trouve et qu'il considère comme n'entraînant pas de dumping est incorrecte.

**M. R. S. Sukloff:** Monsieur le président, je m'en remets à vous et je dois m'excuser, mais c'est une question qui est très importante pour nous. Quelqu'un m'a demandé quelle était la valeur d'un de ses systèmes. Il peut s'agir d'un million de dollars et c'est une façon très dispendieuse de faire un essai.

**Le président:** Comme vous l'avez dit, c'est une question très importante pour vous. Puis-je vous suggérer de rencontrer les fonctionnaires des Finances et du Revenu national; vous en tirerez peut-être plus de satisfaction que de poser des questions ici.

**M. Sukloff:** Merci, monsieur le président.

**Le président:** Monsieur Gray, je leur ai proposé, s'ils ne sont pas satisfaits, de rencontrer les fonctionnaires du ministère des Finances et du Revenu national, nous pourrions en ce cas passer à autres choses parce que, autrement, nous allons continuer de cette

[Text]

keep on here for hours, the way we are going on now. I have no objection. I am in your hands, but I think it would be much, much better for you people.

**Mr. Phillips:** We would be very happy with that suggestion, Mr. Chairman.

**The Chairman:** Mr. Gillespie.

**Mr. Gillespie:** We have spent a fair amount of time on this. I would be prepared to defer it to someone else if I could come back to some aspects of this later.

**Le président:** Monsieur Émard.

**M. Émard:** Monsieur le président, si je me reporte à certains commentaires précédents, et je m'adresse à M. Phillips, il semble que la concurrence dont vous vous plaignez peut être attribuée en grande partie, c'est-à-dire ne peut être attribuée en grande partie au dumping mais à un coût de production beaucoup moins élevé dans certains pays. Je voudrais savoir à quoi vous attribuez le coût inférieur de la production japonaise, par exemple? Est-ce que la qualité est la même? Est-ce que la seule raison, c'est que les salaires au Japon sont plus bas, ou y a-t-il d'autres causes?

**Mr. Phillips:** Mr. Chairman, in the case of the products to which Mr. Émard refers, we have the case of dumping occurring, which provides a lower pricing on these goods coming into Canada. And, in addition, we have the fact that we are dealing with a low-wage country, as contrasted with the wages prevailing in the electronics industry in Canada. These are two of the key factors that result in the discrepancy he has noted.

**M. Émard:** Mais, est-ce que la différence dans les salaires est un critère assez important pour faire baisser la production à un niveau aussi bas?

• 1650

**Mr. Phillips:** It is one of the contributing factors, but as to the degree, I do not think we are in a position to itemize that. I think I might, Mr. Chairman, ask Mr. Gareau to deal with some specific examples in connection with receiving tubes for television sets.

**The Chairman:** Mr. Gareau.

**Mr. E. J. Gareau:** As to quality, I do not think there is any question. The imported product, whether it be Japanese or otherwise, is certainly every bit as good as the Canadian

[Interpretation]

façon pendant des heures. Je n'ai pas d'objection; je m'en remets à vous, mais je pense qu'il serait beaucoup mieux pour vous, Messieurs, de procéder de cette façon.

**M. Phillips:** Nous acceptons cette proposition, monsieur le président.

**Le président:** Très bien. Monsieur Gillespie?

**M. Gillespie:** Monsieur le président, nous avons consacré pas mal de temps à cette question et j'aimerais céder la parole à quelqu'un d'autre, pourvu que je puisse revenir plus tard à certains aspects de cette question.

**The Chairman:** Mr. Émard?

**Mr. Émard:** Mr. Chairman, I refer to some previous comments and I am addressing myself to Mr. Phillips. It seems that the competition of which you complain could be attributed largely—cannot be attributed in great part to dumping but to a much lower cost of production in certain countries. I would like to know to what you attribute the low cost of production of Japanese products, for instance. Is the quality the same? Is it the only reason that wages are lower in Japan or are there other causes?

**M. Phillips:** Monsieur le président, dans le cas des produits dont parle M. Émard, il y a eu du dumping, ce qui fait que ces produits se vendent moins cher au Canada et, de plus, le fait est que les salaires sont plus bas au Japon, comparativement aux salaires des employés de l'industrie électronique au Canada. Ce sont deux des facteurs clefs qui causent la différence que vous avez notée.

**Mr. Émard:** Is the difference in the wages criterion important enough to lower the cost of production so much?

**M. Phillips:** C'est un des facteurs qui y contribuent, mais je ne pense pas que nous puissions dire jusqu'à quel point il y contribue. Mais, je demanderai à M. Gareau de vous donner quelques exemples précis au sujet des tubes récepteurs des téléviseurs.

**Le président:** Monsieur Gareau.

**M. Gareau:** Au départ, pour ce qui est de la qualité, je ne pense pas qu'on puisse mettre en doute la qualité des produits importés, qu'ils soient japonais ou autres; ils sont cer-



[*Texte*]

product. The information that dumping was not determined, in the case of receiving tubes, of course, is complete news to us, and I have been advised of that only this afternoon. Because of this, the questioning that Mr. Sukloff was conducting is very important, because we feel that we have a situation where the facts and figures do prove it. The United States, of course, as much as two years ago, determined that at that same pricing the tubes were dumped into the United States, and this is an area that we would want to explore with some avenue open to us, that Mr. Sukloff was trying to determine.

As far as receiving tubes are concerned, there is a low labour content, and there has been for many years. The production of receiving tubes is fairly well automated. The material is a fairly high content of the cost. So we have to come back to the point that we do feel the tube is being brought in at a lower cost than we know to be existent in the country of origin.

**M. Émard:** Dans certains cas, les perfectionnements techniques japonais n'étaient-ils pas plus avancés qu'au Canada, ce qui leur a donné une chance de s'implanter sur le marché canadien?

**Mr. Phillips:** In reply to Mr. Emard's question, Mr. Chairman, I think full credit must be given to the Japanese electronics industry for recognizing a marketing opportunity in the post-war period which they have pursued vigorously and advantageously, and certainly this is the case with the transistor radio to which he refers. However, as Mr. Sutherland has pointed out, Mr. Longstaffe has stated, and Mr. Gareau has supported, the state of the art in electronics in Canada is highly developed, and we maintain that on fair and equal terms we can compete in the electronics industry in the world market.

**M. Émard:** Vous avez mentionné tout à l'heure, monsieur Phillips, la méthode d'application des taxes, vous avez mentionné la taxe fédérale et la taxe d'accise, vous avez dit que cette méthode d'application nuit à la production canadienne. Pourriez-vous nous expliquer de quelle manière?

**Mr. Phillips:** Yes, I believe that this was one of the factors pointed out in the Carter Commission report. In the case of Canadian produced goods, the excise tax which applies on television and radio and receiving tubes is applied as a formula of the selling price in the Canadian market. In the case of imported

[*Interprétation*]

tainement aussi bons que les produits canadiens. Nous sommes tout à fait surpris d'apprendre qu'il n'y avait pas de dumping dans ce cas. C'est pourquoi nous trouvons que les questions que M. Sukloff a posées sont très importantes. Nous sommes dans une situation où les faits et les chiffres prouvent ce que nous avançons. Les États-Unis, il y a deux ans, ont déterminé que, au même prix, ces tubes électroniques constituaient du dumpin, et c'est un cas que nous voulons étudier par un moyen que M. Sukloff essaie de déterminer.

En ce qui concerne les tubes récepteurs, il y a plusieurs années que l'on peut produire ces tubes à un prix de main-d'œuvre très bas, à cause de l'automatisation; par conséquent, le matériel compose la partie principale du coût, et nous en venons à croire que ces tubes sont importés à un prix inférieur à celui qui existe dans le pays d'origine.

**Mr. Émard:** In certain cases, is it true that Japanese technical knowledge is more advanced than Canada, and is this what gave them the chance to take a foothold of Canadian market—their technology is more advanced is that a fact?

**M. Phillips:** En réponse à la question de M. Émard, monsieur le président, je pense que l'on doit attribuer à l'industrie électronique japonaise d'avoir découvert un bon marché, dans la période d'après-guerre. Ils ont travaillé avec profit et diligence à s'assurer ce marché. Et, c'est certainement le cas en ce qui concerne les radios transistors. Cependant, comme M. Sutherland l'a fait remarquer, et comme M. Longstaffe l'a dit, affirmation que M. Gareau a aussi appuyée, l'industrie électronique est très développée au Canada et nous maintenons que, à conditions égales, nous pouvons faire concurrence à toute autre industrie électronique dans le monde.

**Mr. Émard:** You have mentioned just now, Mr. Phillips, the method of application of taxes. You have mentioned the federal tax and the excise tax, and you have said that this method of application hinders Canadian production. Could you explain how this happens—why you feel this is so?

**M. Phillips:** Oui, je pense que c'est un des facteurs que l'on a fait ressortir dans le rapport de la Commission Carter. Dans le cas de marchandises fabriquées au Canada, la taxe d'accise qui s'applique aux téléviseurs, aux radios, et aux tubes récepteurs est incorporée au prix de vente en vigueur sur le marché



[Text]

goods, it is applied on the basis of an imported cost.

The difference really is that the allowance off the selling price for the Canadian produced goods does not bring it down to a comparable level with the cost of the imported goods, because of factors such as transportation, possibly warrantee obligations, or advertising, that are not included in the imported goods price. Therefore, the imported goods are paying the federal sales and excise tax on a lower base than the domestically produced goods. And in the case of a television set, it can become a significant differential.

• 1655

**M. Émard:** On semble limiter nos discussions aux radios transistors et aux tubes de télévision mais, ici, je vois, par exemple, que, dans votre industrie, vous avez le radar, les ordinateurs, les appareils de navigation, etc., les appareils nucléaires ou spatiaux, maintenant, est-ce qu'il y a une grande compétition de la part de la production japonaise dans ce domaine?

**Mr. Phillips:** Mr. Chairman, could I refer that question to Mr. Sutherland?

**The Chairman:** Mr. Sutherland.

**Mr. J. G. Sutherland (Vice-President, Technical Products, RCA Victor Co. Ltd.):** Mr. Chairman, the Japanese competition to date largely confines itself I believe to the consumer business. The main competition today in the industrial market comes perhaps more from the United States and Europe. However, I can see down the road—not far down the road—where we could be faced in the industrial side of the business with very considerable competition from Japan, in the television field, in the broadcast field, and in the communications field.

**M. Émard:** On voit souvent des annonces dans les journaux de certaines compagnies des États-Unis qui demandent des agents, ici, au Canada, pour vendre toutes sortes d'équipements électroniques: Est-ce que, je ne sais pas, je ne pourrais pas vous dire la sorte d'équipement, je ne connais pas tellement cela, mais est-ce qu'on ne fabrique pas la plupart de l'équipement électronique dont on a besoin ici, au Canada, ou est-ce qu'on doit l'importer des États-Unis?

**Mr. Sutherland:** Yes, sir, that is true. We do manufacture a very wide range of electronics goods in Canada. In many instances many of the goods that are imported can in fact be, and are in fact being, produced in Canada. There are some instances where this

[Interpretation]

canadien. Dans le cas de produits importés, on l'applique en se fondant sur le prix d'importation, et la différence, c'est que le prix de vente alloué pour le produit canadien ne le ramène pas au niveau du prix des marchandises importées, à cause de facteurs tels que le transport, les obligations de garantie, la publicité, qui ne sont pas inclus dans le prix des marchandises importées. Par conséquent, les marchandises importées paient la taxe fédérale et la taxe d'accise canadienne sur une assiette inférieure à celle des produits canadiens. Et, dans le cas des téléviseurs, cela représente une différence appréciable.

**Mr. Émard:** We seem to be limiting our discussions to transistor radios and television tubes, but I note here that in your industry you have radar, computers, navigational aid, nuclear apparatus and space apparatus. Is there a great deal of competition from Japanese industry in this field?

**M. Phillips:** Monsieur le président, puis-je passer cette question à M. Sutherland?

**Le président:** Monsieur Sutherland.

**M. Sutherland:** Monsieur le président, la concurrence japonaise aujourd'hui se limite surtout, je pense, aux appareils de consommation; la concurrence dans le secteur industriel vient plutôt des États-Unis et de l'Europe. Je parle pour le présent, mais je vois dans un avenir assez rapproché que nous pourrions être en butte à une concurrence beaucoup plus grande de la part du Japon dans le domaine de la radio, de la télévision et des télécommunications.

**Mr. Émard:** We see advertisements in the newspapers that certain American companies are asking agencies here in Canada to sell all sorts of electronic equipment. I could not tell you what kind of equipment. I am not too familiar with that sort of thing, but do we not manufacture most of the electronic equipment that we need here in Canada? Must we import it from the United States?

**M. Sutherland:** Oui, c'est vrai, nous fabriquons une assez vaste gamme de produits électroniques au Canada et, dans un grand nombre de cas, les marchandises importées peuvent être, ou sont déjà, fabriquées au Canada. Il y a des cas où ce n'est pas possible;

*[Texte]*

is not the case, where there is not sufficient domestic market to warrant production in Canada. But many of the items that are produced in Canada are still imported from other countries as well.

**The Chairman:** Mr. Trudel.

**Mr. Trudel:** Mr. Chairman, I believe Mr. Phillips has stated what the industry represents to Canada, and I certainly agree with him on that. But I would like to digress from that for a minute. Money has been spent on research by the industry. I would like to suggest to him, and I stand to be corrected on this, that possibly the Japanese, because they have been selected as an example, have concentrated their efforts or their imports on radio, for instance, but in a field that we Canadians did not explore fully. We possibly had been researching in a completely different field, and therefore they were able to come in with something that we were not ready for. Although we were in the radio business, they have explored a field entirely foreign to us. Possibly the size or the taste of the Canadian public was not taken into account in the research we were doing.

**Mr. Phillips:** Mr. Trudel, your statement is correct in the case of transistor radios. However, the Japanese were not pioneers in the technology of television. This is one of our latter concerns. As we have indicated, over the last three years the penetration of the Canadian market has risen from 3.8 per cent to 25 per cent in the first six months of 1968. This was not a case of them penetrating the market through having any advanced technology over that available in Canada.

• 1700

**Mr. Trudel:** Regarding this TV penetration, I believe Mr. Gareau mentioned that it was the price regarding tubes, and so on. It seems to me that they have been concentrating—here again using Japan as an example—on certain sizes of television or tubes and not necessarily in a low-price bracket, because there are some items that are at a much higher price than our Canadian goods that we have on the market, supplied by our Canadian manufacturers.

**Mr. Phillips:** These are in very small quantity, these specialty items to which you refer. Certainly you can sell a small quantity of a highly specialized item at a high price, but the bulk of the penetration of the market has been in what are referred to as smaller screen sets. There are two reasons for this. First of all, with these smaller sets the transportation factor is much less. Secondly, their

*[Interprétation]*

des cas où le marché canadien n'est pas assez grand pour en justifier la fabrication au Canada, mais on importe aussi un grand nombre de produits qui sont déjà fabriqués au Canada.

**Le président:** Monsieur Trudel.

**M. Trudel:** Monsieur le président, je pense que M. Phillips a déjà dit ce que représente l'industrie pour le Canada, et je suis d'accord avec lui, mais j'aimerais m'éloigner un peu de ce sujet et parler des sommes que dépense l'industrie pour la recherche. On me reprendra, si je me trompe, mais, pour parler du Japon, parce qu'on a pris cet exemple, ils ont concentré leurs exportations dans le domaine de la radio, mais c'était un domaine que nous n'avions pas exploité à fond. Il est probable qu'ils ont fait des recherches dans un domaine tout à fait différent et c'est pour cela qu'ils ont pu nous présenter un produit pour lequel nous n'étions pas prêts; ils ont exploré un domaine de la radio, par exemple, où nous n'avions pas fait de recherches.

**M. Phillips:** Monsieur Trudel, vous avez raison en ce qui concerne les radios transistors; cependant, les Japonais n'ont pas été les pionniers de la technologie de la télévision. Nous avons indiqué que, ces trois dernières années, la pénétration du marché canadien a augmenté de 3.8 p. 100 à 25 p. 100. Ce n'est pas dire qu'ils ont envahi le marché précisément parce qu'ils avaient une technologie plus avancée que celle du Canada.

**M. Trudel:** Je vais passer de la radio à la télévision. Au sujet de l'entrée de téléviseurs ici, je pense que M. Gareau a mentionné que c'est le prix des tubes qui est en question. Je parle encore du Japon; je pensais qu'on avait surtout fabriqué certains modèles de téléviseurs et de tubes et non pas nécessairement des appareils à bon marché, car il y en a qui coûtent beaucoup plus cher que ceux qu'on fabrique ici.

**M. Phillips:** Il s'agit de petites quantités. On peut vendre à prix élevé de petites quantités d'articles très spécialisés, mais l'ensemble porte sur de petits appareils, à petit écran. Il y a deux raisons pour cela. D'abord, avec les petits appareils, le coût du transport est moins élevé. Deuxièmement, le marché national au Japon a été davantage orienté vers ce genre de produit que vers les appa-



[Text]

domestic market in Japan has been more directly oriented to that type of product than to the larger sets that we have for Canadian homes. I think as a third factor it could be indicated that the larger sets to which you refer, and which they have not specialized in, usually have wooden cabinets, which for Canada is an inherent advantage. I think these are the reasons behind the trends and circumstances that you have noted.

**Mr. Trudel:** Referring to the statement that was made by Mr. Gareau, I believe he mentioned \$30 million in connection with the tube segment of the industry. I am assuming that a country like Japan has bypassed us completely and it is coming on the market with new products that are replacing tubes. These are not even used in Canada today, and they are ready to jump on the Canadian market with them. We have not seen these products in Canada but they are ready to replace a market about which we are showing concern at the present time. They have bypassed this market completely and they are getting ready to introduce into the Canadian market new techniques that will bypass either transistors or tubes.

**Mr. Gareau:** My comment about this possibly goes back to something that Mr. Émard said. I really cannot buy the idea that the Japanese are ahead of the Canadian technology or the North American technology to any extent whatsoever. Possibly part of the proof of that is that their only penetration into the Canadian market is in the area that hurts Canadians the most. That is, the popular types of tubes, as an example, or the high volume semi-conductors, where large volume production is more difficult for us to compete against and it also hurts our production. There are roughly 2,000 to 3,000 types of tubes which are stocked and made available by Canadian manufacturers. I am not saying that they manufacture them, but they obtain them and stock them and make them available to Canadian industry and to the Canadian consumer.

The service that the Japanese provide, for example, in this regard is probably 150 types of tubes. However, these 150 types probably represent 90 per cent of the total Canadian market, so they are riding very nicely on 150 types with no further service—no further support, if you want—to the Canadian industry. Canadian companies stock upwards of 2,000 types of tubes. This 10 per cent that is left over involves tremendous expense to Canadian industry. As far as the new technologies are concerned, I submit that Canadian companies are doing something about this.

[Interpretation]

reils plus grands que nous avons au Canada. Troisièmement, on peut dire que les grands téléviseurs, dans la fabrication desquels le Japon ne s'est pas spécialisé, ont généralement un coffret de bois, ce qui est un gros avantage pour le Canada. Je crois que ce sont là les raisons qui expliquent les tendances que vous avez observées.

**M. Trudel:** Dans sa déclaration, M. Gareau a parlé, je crois, d'un chiffre de trente millions de dollars pour le secteur de l'industrie qui concerne les tubes. Je suppose qu'un pays comme le Japon nous a tout à fait dépassés, et qu'il produit des produits nouveaux qui remplacent les tubes. On ne les utilise même pas encore ici, et les Japonais sont prêts à conquérir le marché canadien. Nous n'avons pas vu ces produits ici, mais ils sont prêts à remplacer un marché qui nous inquiète déjà à l'heure actuelle. Les Japonais nous ont complètement dépassés, et ils sont prêts à introduire sur le marché canadien de nouvelles techniques qui dépasseront les transistors et les tubes.

**M. Gareau:** Mes commentaires sur cette question nous ramènent sans doute à quelque chose qu'a mentionné M. Émard. Je ne peux pas croire que les Japonais devancent la technologie canadienne ou nord-américaine. La preuve en est peut-être, en partie, que leur pénétration sur le marché canadien se fait dans le domaine qui nuit le plus au Canada. Ce sont les tubes de type courant, par exemple, ou encore les semi-conducteurs à haute intensité, qui nuisent à notre production, car il nous est très difficile de soutenir la concurrence face à la production massive du Japon. Il y a environ 2,000 à 3,000 types de tubes qui sont emmagasinés par les fabricants canadiens et qui sont disponibles sur le marché. Je ne dis pas qu'on les fabrique ici, mais on se les procure et on les emmagasine ici, et l'industrie et les consommateurs canadiens peuvent se les procurer.

Les Japonais, eux, ont environ 150 espèces de tubes. Malgré tout, ceci représente environ 90 p. 100 du marché canadien, et les Japonais s'arrangent très bien avec 150 tubes seulement, et sans même fournir de services supplémentaires à l'industrie canadienne, tandis que les sociétés canadiennes emmagasinent plus de deux mille types de tubes différents. Les 10 p. 100 du marché qui restent représentent des dépenses énormes pour l'industrie canadienne. Pour ce qui est des technologies nouvelles, les sociétés canadiennes ne restent pas inactives. Pour en donner un exemple, la



*[Texte]*

To cite one example, Canadian Westinghouse in Hamilton is doing research and development in the area of integrated circuits. There is no question but that this is the next step towards improvement of the technology of home entertainment sets or heavy industry. Certainly the Americans are leading the way in this, although some Canadian companies are putting substantial moneys into research and development of these same products. I hope that answers your question in part.

• 1705

**Mr. Trudel:** One last question, please. I believe this question, will relate to what Mr. Gareau has said. As far as your industry is concerned we have touched on two fields in Canada which the Japanese are not at all concerned with at the present time. However, I also notice from the brief that you have presented that you mention Japanese wages as a factor in the lower or dumped imports that you were referring to. I would like to submit to you that wages are being paid in other countries that can interfere with the Canadian industry that are comparable with the wages being paid in Japan at the present time.

**Mr. Phillips:** There is no disputing Mr. Trudel's comment that this is a factor. We have dealt with Japan in the comments we have made because of the inroads that Japan has made into the television, radio and receiving tube markets in Canada.

**The Chairman:** Mr. Downey, followed by Mr. Saltzman.

**Mr. Downey:** Mr. Chairman, I would like to ask this question of Mr. Phillips. Mr. Phillips, for the benefit of the Committee would you further elaborate on what you refer to on page 3 of the brief as discriminatory excise tax on our consumer electric products.

**Mr. Phillips:** Mr. Chairman, this question was asked by Mr. Émard with respect to the matter of excise and federal sales tax in the case of domestically-produced goods. Incidentally, as you know, on consumer electronics there is a 15 per cent tax. On domestically-produced goods these taxes are based on a formula of the retail selling price. In the case of imported goods they are based on an imported cost. As it was pointed out, I believe, in the Carter Commission analysis of the situation, the formula does not bring the basis of tax to the same level because of such things as transportation, advertising, warranty allowances, and whatnot, and therefore the

*[Interprétation]*

*Canadian Westinghouse*, à Hamilton, fait des recherches dans le domaine des circuits intégrés. Sans aucun doute, c'est la prochaine étape vers une amélioration des appareils que nous avons dans nos foyers et de la technologie de l'industrie lourde. Les Américains sont assurément les chefs de file dans ce domaine, encore que certaines sociétés canadiennes consacrent des fonds importants à la recherche, et à la mise au point de ces produits. J'espère que cela répond en partie à votre question.

**M. Trudel:** Une dernière question, s'il vous plaît. Je pense qu'elle se rattache à ce qu'a dit M. Gareau. En ce qui concerne votre industrie, nous avons parlé de deux domaines au Canada qui n'intéressent pas du tout les Japonais à l'heure actuelle. Mais, dans le mémoire que vous avez présenté, vous parlez des salaires payés au Japon comme étant un facteur de ces importations à meilleur marché ou qui font l'objet d'un dumping. Il y a des salaires dans d'autres pays qui peuvent nuire à l'industrie canadienne, et ils se comparent aux salaires payés au Japon.

**M. Phillips:** Cela ne fait aucun doute. C'est un facteur indéniable. Nous avons fait ces observations sur le Japon parce qu'il a vraiment percé sur les marchés canadiens des téléviseurs, des postes de radio et des tubes récepteurs.

**Le président:** M. Downey, puis M. Saltzman.

**M. Downey:** Monsieur le président, je voudrais poser ma question à M. Phillips. Monsieur Phillips, pourriez-vous expliquer au Comité de façon plus détaillée ce que vous voulez dire à la page 3 de votre mémoire. Vous parlez d'une taxe d'accise injuste sur nos produits électriques de consommation.

**M. Phillips:** Monsieur le président, c'est la question posée par M. Émard, au sujet des taxes d'accise et des taxes de vente fédérales dans le cas des produits fabriqués au Canada. A ce propos, il y a, comme vous le savez, une taxe de 15 p. 100 sur les produits électroniques. Sur les produits fabriqués au Canada, les taxes se fondent sur le prix de vente au détail. Dans le cas des produits importés, elles se fondent sur le coût à l'importation. Comme on l'a dit, je crois, dans le rapport de la commission Carter sur l'analyse de cette situation, la formule fait que la taxe ne part pas du même niveau, car il y a le transport, la publicité, les garanties, etc.

[Text]

tax paid on domestically-produced goods is greater than the tax paid on imported goods for equivalent merchandise.

**Mr. Downey:** I understand that the percentage is the same but the base is different.

**Mr. Phillips:** That is correct.

**Mr. Downey:** As a supplementary to Mr. Trudel's question of Mr. Gareau in connection with the fact that the number of tubes that were stocked by Canadian manufacturers ran into the several thousands as compared to 150 or so from Japanese manufacturers, would you say that this was in some respects caused by a lack of standardization on the part of our companies, or am I wrong?

**Mr. Gareau:** I do not really think that you could blame it all on a lack of standardization. Of course, we in the industry are burdened, if you want, with history, and the whole development of the receiving tube industry and the different types of tubes is something that we are not completely happy about but I would not say it is that much of a contributing factor. The Japanese innovate to some extent. There are types of tubes that come in on their sets which are not common to North American sets, so they compound that problem somewhat, but I cannot say that it is really significant.

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**Mr. Downey:** You would not say that with their 150 tubes they cover the field as widely as we do with the number we have?

**Mr. Gareau:** I suggested that the 150 types were 90 per cent of the receiving tube volume in Canada. There are many, many types beyond that that are not obsolete but they are types that are not as commonly used. They are for out-of-date sets but they are still needed to maintain equipment already in the field, and Canadian industry maintains the responsibility to make these available to the public. This is how it builds up. Of course, it is partly due to this lack of standardization, but it is a long-term thing and it has built up to those numbers.

**The Chairman:** Mr. Saltzman.

**Mr. Saltzman:** Thank you, Mr. Chairman. Mr. Chairman, as most of my questions are in connection with consumer products I wonder if I could direct them to Mr. Gareau. Could you tell me, sir, how many manufacturers of TV sets we have in Canada?

[Interpretation]

Donc, les taxes payées sur les produits fabriqués au Canada sont plus élevées que les taxes sur des produits équivalents importés.

**M. Downey:** Alors, dois-je comprendre que le pourcentage est le même, mais que la base est différente?

**M. Phillips:** Oui, c'est bien cela.

**M. Downey:** Question supplémentaire à celle posée par M. Trudel à M. Gareau sur le fait qu'il y a plusieurs milliers de types de tubes emmagasinés par les fabricants canadiens, et seulement 150 environ par les fabricants japonais—diriez-vous que c'est parce qu'il n'y a pas assez de normalisation dans notre industrie, ou ai-je tort?

**M. Gareau:** Je ne pense pas que vous puissiez tout attribuer au manque de normalisation. Bien sûr, nous avons un lourd passé, si vous voulez, et nous ne sommes pas entièrement satisfaits de la façon dont a évolué l'industrie des tubes récepteurs et des divers types de tubes, mais cela n'est pas réellement important. Les Japonais innovent aussi dans une certaine mesure. Il y a des types de tubes qui vont sur leurs téléviseurs mais pas sur les téléviseurs américains, et donc cela règle le problème en partie, mais c'est sans importance.

**M. Downey:** Alors, vous ne diriez pas qu'ils couvrent le marché, aussi bien avec leurs 150 tubes que nous avec plusieurs milliers?

**M. Gareau:** J'ai dit que leurs 150 types de tubes récepteurs représentaient 90 p. 100 du marché canadien. Il y a un nombre considérable d'autres types de tubes qui ne sont pas forcément démodés, mais que l'on n'utilise pas aussi fréquemment. Ils vont sur des téléviseurs démodés, mais ils sont encore nécessaires pour entretenir les appareils qui existent déjà, l'industrie canadienne se charge de les fournir au public. C'est pourquoi ils s'entassent dans les entrepôts. Cela tient partiellement à un manque de normalisation, si vous voulez, mais cela date de bien des années.

**Le président:** M. Saltzman.

**M. Saltzman:** Merci, monsieur le président. La plupart de mes questions se rapportent aux produits de consommation, et je pense donc que je vais m'adresser à M. Gareau.

Pourriez-vous me dire, monsieur, combien nous avons de fabricants de téléviseurs au Canada?



[Texte]

**Mr. Phillips:** There are nine television set manufacturers in Canada.

**Mr. Saltsman:** How does that compare with the United States?

**Mr. Phillips:** I could guess at it. I do not know the answer precisely. I think it would be about 16 or 17.

**Mr. Saltsman:** In the United States.

**Mr. Phillips:** It is in that area.

**Mr. Saltsman:** So, we have a market about 1/11th the size of the American market and we have almost as many television manufacturers as they have. Is that a fair assessment?

**Mr. Phillips:** Your ratios are about correct, yes.

**Mr. Saltsman:** Can you tell me how many of these television manufacturers are subsidiaries of U.S. corporations?

**Mr. Phillips:** There is one company that is not a subsidiary of a foreign-owned corporation. They are not all U.S. corporations.

**Mr. Saltsman:** So, eight of them are subsidiaries of foreign-owned corporations and one of them is Canadian. Is that right?

**Mr. Phillips:** I wish to correct that, Mr. Saltsman. There are two Canadian-owned companies.

**Mr. Saltsman:** Which ones are those?

**Mr. Phillips:** Clairtone and Electrohome. They are both Canadian.

**Mr. Saltsman:** Can you tell me what percentage of the market is held by the two Canadian corporations.

**Mr. Phillips:** I do not have that information. It is not available.

**Mr. Saltsman:** Can you give me some indication of the total capacity of these plants in terms of their productive capacity as against the present market for television receivers? In other words, what are they capable of producing if they are running at productive capacity as against what they are selling right now.

**Mr. Phillips:** I cannot give you a factual answer to that question. I can give you a judgment, if that would suit your purpose.

**Mr. Saltsman:** Yes. I realize it is a difficult question to answer, Mr. Phillips.

[Interprétation]

**M. Phillips:** Il y en a neuf.

**M. Saltsman:** Et aux États-Unis?

**M. Phillips:** Je ne sais pas exactement. Je pense qu'il y en a environ 16 ou 17.

**M. Saltsman:** Aux États-Unis.

**M. Phillips:** C'est cela.

**M. Saltsman:** Donc, notre marché représente environ un onzième du marché américain, et nous avons presque autant de fabricants qu'eux? Ai-je raison?

**M. Phillips:** Vos proportions sont à peu près justes.

**M. Saltsman:** Pourriez-vous me dire combien de fabricants de téléviseurs sont des filiales de sociétés américaines?

**M. Phillips:** Il y a une société qui n'est pas affiliée à une société étrangère. Elles ne sont pas toutes américaines.

**M. Saltsman:** Alors huit sont des filiales de sociétés étrangères, et une seule est canadienne. C'est cela?

**M. Phillips:** Je tiens à corriger cela, monsieur Saltsman. Il y a deux compagnies canadiennes.

**M. Saltsman:** Lesquelles?

**M. Phillips:** *Clairtone* et *Electrohome*. Elles sont toutes deux canadiennes.

**M. Saltsman:** Pourriez-vous dire quel pourcentage du marché couvrent ces deux sociétés canadiennes?

**M. Phillips:** Je ne peux vous donner ces renseignements, ils ne sont pas disponibles.

**M. Saltsman:** Pourriez-vous me dire quelle est la capacité totale de production de ces industries, par rapport au marché actuel pour les appareils de télévision? Autrement dit, si elles fonctionnent à plein, combien peuvent-elles produire, par rapport à ce qu'elles vendent à l'heure actuelle?

**M. Phillips:** Je ne peux vous donner de chiffres précis. Je peux toutefois vous dire ce que je pense, si cela vous suffit.

**M. Saltsman:** Oui. Je sais qu'il est difficile de répondre à cette question, monsieur Phillips.



[Text]

**Mr. Phillips:** In 1968 the Canadian market will absorb about 850,000 television sets. About 35 per cent of the total requirement, based on what happened in the first six months of this year, would be imported into this country. I think I could answer your question by saying that the Canadian industry would have no difficulty whatsoever in producing all of the 850,000 sets without any imports.

**Mr. Saltsman:** You think, in effect, that our plants are really operating below capacity.

**Mr. Phillips:** This is correct.

**Mr. Saltsman:** It would certainly appear so when you compare the ratio between Canadian and American plants.

**Mr. Phillips:** No, I do not think this is a comparison that you can make on that basis, if I might say so, Mr. Chairman, because the plants in the U.S., of course, are much larger, and the Canadian plants have been built in tune with the size of the Canadian market. You might have a plant in Canada with a capacity of 100,000 units and you will find a plant in the United States with a capacity of 500,000, 700,000 or 800,000 units.

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**Mr. Saltsman:** In your judgment what level of production is required in order to take advantage of scale and machinery for television plants? In other words, how many units do they have to produce in a year in order to reach the efficiency of an American-operated plant?

**Mr. Phillips:** That is quite a profound question you are asking. I do not believe it would be properly answered just off the cuff. The association is undertaking to study some of these matters but it has not arrived at any conclusions yet. It is part of the intensive program of study of the industry that the association is undertaking in 1969.

**Mr. Saltsman:** Could you give me some ideas of how Canadian plants compare in terms of product range, the number of products handled in a plant as compared to the United States. Are we more specialized, less specialized, or how would we compare in this particular regard?

**Mr. Phillips:** I would say—and I can speak more from my own experience in this regard; I am in the consumer goods business—that...

**Mr. Saltsman:** Excuse me, Mr. Phillips, I am referring specifically to consumer products rather than the highly engineered specialized.

[Interpretation]

**M. Phillips:** En 1968, le marché canadien absorbera environ 850,000 appareils de télévision. Environ 35 p. 100 de la demande totale, si l'on se fonde sur les chiffres des six premiers mois de l'année, seront importés par le Canada. Je pourrais répondre à votre question en disant que l'industrie canadienne pourrait très facilement produire ces 850,000 téléviseurs, sans avoir à en importer.

**M. Saltsman:** Vous estimez donc que notre industrie ne fonctionne pas à plein rendement.

**M. Phillips:** C'est exact.

**M. Saltsman:** Cela semble bien être le cas, si l'on compare les chiffres des États-Unis et ceux du Canada.

**M. Phillips:** Non, vous ne pouvez établir une comparaison de ce point de vue-là, car les usines américaines sont beaucoup plus grandes, bien sûr, et les usines du Canada ont été construites en fonction de l'importance du marché canadien. Il peut y avoir une usine canadienne qui peut produire cent mille téléviseurs, tandis qu'aux États-Unis, on peut en trouver une qui peut fabriquer 500,000, 700,000 ou 800,000 appareils.

**M. Saltsman:** A votre avis, combien d'unités faut-il produire pour profiter pleinement de la taille d'une usine de fabrication de téléviseurs, et des machines qu'elle renferme? Autrement dit, combien faut-il produire d'unités par an pour arriver au même degré d'efficacité qu'une usine américaine?

**M. Phillips:** C'est une question très intéressante que vous posez là. On ne peut pas y répondre à brûle-pourpoint, toutefois. Notre Association commence à étudier certaines de ces questions, mais elle n'est pas encore parvenue à des conclusions. Cela fait partie du programme intensif d'études qui sera entrepris l'an prochain par notre Association.

**M. Saltsman:** Pourriez-vous me dire quelle place occupent les usines canadiennes par rapport aux usines américaines en ce qui concerne le nombre et la variété des produits qui y sont fabriqués. Sommes-nous plus spécialisés, moins spécialisés, ou quoi?

**M. Phillips:** Je parle de ce que je connais, plutôt que de parler au nom des consommateurs....

**M. Saltsman:** Pardon, je parle ici des produits offerts aux consommateurs.

[Texte]

**Mr. Phillips:** I will answer your question from my own experience. That is the point I was making, Mr. Saltzman. Generally speaking, the variety of models produced in the Canadian market is significantly less than the number of models that are produced under the same brand names in the U.S. market.

**Mr. Saltzman:** I am talking about the operation itself, within a given plant.

**Mr. Phillips:** This is correct.

**Mr. Saltzman:** There has been a series of studies. I might perhaps refer to a study on Canadian industrial structure which indicates that the product range in Canadian plants is much higher than the United States, that our plant size in terms of physical size compares very favourably with the American plants; if anything, some of them are larger than American plants, but the number of products that are run through them is much greater than the product range in a typical American plant of the same physical size. I am not sure whether this information was based on research in the electronics industry. I know it was related to other industries and I was just wondering what information you had on this.

**Mr. Phillips:** In terms of the consumer electronics industry, I think you have to go into it more deeply than merely a generalized answer to that question, because in the United States you will find large companies with several plants producing television sets, for example.

**Mr. Saltzman:** Yes, well this is what I mean.

**Mr. Phillips:** These plants may be specialized plants. There will be a plant that is producing only portable television sets. There will be another plant within the same company that is producing console-type sets and there will be some companies that might have two plants at different geographical parts of the United States producing the same type of set, so I think a generalized answer to your question would not convey the picture.

**Mr. Saltzman:** I would like to ask you the same series of questions about receiving tubes. How many manufacturers of receiving tubes do we have in Canada?

**The Chairman:** Mr. Gareau?

**Mr. Gareau:** There are four manufacturers of receiving tubes in Canada.

**Mr. Saltzman:** How many of these are subsidiaries of foreign corporations?

**Mr. Gareau:** I believe they all would be.

[Interprétation]

**M. Phillips:** Je répondrai d'après ce que je connais. De façon générale, la variété des produits fabriqués au Canada est moins grande que la variété des produits de même marque fabriqués aux États-Unis.

**M. Saltzman:** Je parle de l'usine.

**M. Phillips:** Oui, c'est cela.

**M. Saltzman:** Il y a eu une série d'études sur les structures des industries canadiennes, qui indiquent que la gamme des produits, dans les usines canadiennes, est plus étendue qu'aux États-Unis, et se compare favorablement à celle des industries américaines. Le nombre de produits est beaucoup plus élevé et la variété est plus grande qu'aux États-Unis. Je ne sais pas si ces renseignements sont fondés sur le résultat de recherches menées dans l'industrie de l'électronique, mais je sais qu'ils valent pour d'autres industries.

**M. Phillips:** Au sujet de l'industrie de l'électronique, je pense qu'il faut approfondir la question au lieu de répondre par des généralités. Aux États-Unis, les grandes compagnies ont plusieurs usines pour fabriquer des téléviseurs.

**M. Saltzman:** C'est ce que je veux dire.

**M. Phillips:** Disons qu'une compagnie produit des appareils portatifs; dans une autre usine, on produit des appareils de modèle console, d'autres compagnies ont peut-être des usines dans différentes régions du pays pour produire les mêmes types d'appareils. Alors, je pense qu'une réponse générale ne répond pas exactement à votre question.

**M. Saltzman:** Je voudrais vous poser des questions semblables pour les tubes. Combien y a-t-il de fabricants de tubes ici?

**Le président:** Monsieur Gareau?

**M. Gareau:** Il y a quatre fabricants de tubes au Canada.

**M. Saltzman:** Combien sont des filiales de sociétés américaines?

**M. Gareau:** Je pense que les quatre sont des filiales.



[Text]

**Mr. Saltzman:** What about the capacity of these four plants in relation to the Canadian market for receiving tubes?

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**Mr. Gareau:** There is no question; they have the capacity to serve the Canadian market under present predicted requirements.

**Mr. Saltzman:** There was a news story a while back—I hope you will correct my impression if it is not accurate—regarding the plant in Owen Sound that was built under the Designated Area program.

**Mr. Gareau:** Midland?

**Mr. Saltzman:** Yes, Midland; that is right. A publicity release at that time indicated this plant was capable of producing all the receiving tubes necessary for the Canadian market—this one plant alone.

**Mr. Gareau:** This is not correct, Mr. Saltzman. They were talking about colour picture tubes.

**Mr. Saltzman:** I see. Is it capable of producing all the colour picture tubes for the Canadian market?

**Mr. Gareau:** I suppose this is a matter of the growth pattern of the Canadian market. I would say that for the volume or the number of sets that were expected to be moved into the Canadian market by forecasters in 1966, for 1968 this would have been true. As it turned out the forecasts were not entirely correct.

**Mr. Saltzman:** Mr. Gareau, without trying to plot the dimensions of the capacity...

**The Chairman:** Mr. Saltzman, will you excuse me? I understand Mr. Phillips would like to add to what Mr. Gareau said.

**Mr. Phillips:** Thank you, Mr. Chairman. To your point, Mr. Saltzman, earlier in reply to questions we indicated a very high excise tax on consumer electronics and television particularly. I believe that some of these projections were made in anticipation of this excise tax being removed some day.

**The Chairman:** Mr. Saltzman?

**Mr. Saltzman:** Were you given any information from the government to warrant your optimism?

**Mr. Phillips:** If I might comment, the Carter Commission again recommended removal of this discriminatory tax.

[Interpretation]

**M. Saltzman:** Quelle est la capacité de production de ces quatre usines pour répondre aux demandes du marché canadien?

**M. Gareau:** Sans aucun doute, elles peuvent répondre à nos besoins.

**M. Saltzman:** Il y a quelque temps, et si je me trompe reprenez-moi, l'usine d'Owen Sound qui a été construite en vertu du programme relatif aux régions désignées...

**M. Gareau:** Midland?

**M. Saltzman:** Oui, Midland. La publicité qui a été faite indique que l'usine pouvait produire tous les tubes de réception nécessaires au marché canadien.

**M. Gareau:** Ce n'est pas exact, monsieur Saltzman, on parlait des tubes pour les téléviseurs couleur.

**M. Saltzman:** Je vois. L'usine peut produire tous les tubes de téléviseur couleur vendus sur le marché canadien?

**M. Gareau:** Cela représente la croissance du marché canadien. Le nombre prévu d'appareils sur le marché canadien, en 1966, aurait valu pour 1968; les prévisions n'étaient pas tout à fait exactes.

**M. Saltzman:** Monsieur Gareau, sans essayer de modifier...

**Le président:** Monsieur Saltzman, je pense que M. Phillips voudrait ajouter quelque chose à ce que M. Gareau a dit.

**M. Phillips:** Merci, monsieur le président. Plus tôt, en répondant à des questions, nous avons dit qu'il y avait des taxes d'accise très élevées sur les produits électroniques et sur les téléviseurs. Je pense qu'on avait fait certaines prévisions par anticipation, en pensant que la taxe d'accise serait éliminée un jour.

**Le président:** Monsieur Saltzman?

**M. Saltzman:** Est-ce que le gouvernement vous a donné certaines assurances qui justifient votre espoir?

**M. Phillips:** La Commission Carter a recommandé l'élimination de cette taxe discriminatoire.



[Texte]

**Mr. Saltzman:** They also recommended a capital gains tax but there does not seem to be much intention of implementing that.

**The Chairman:** Furthermore, Mr. Saltzman, the Carter Report is only a report.

**Mr. Saltzman:** The point I would like to make, Mr. Chairman—without being able to define clearly the exact parameters of the problem, because I realize that it is difficult for me and certainly difficult for the gentlemen before us today—is that it seems we have a very great problem of over-capacity here which must inevitably make this industry very inefficient.

There have been allusions to the development of the Canadian market, the structure of the Canadian market, and I think this is part of the explanation of our problem.

I am very much concerned about this industry, as I have been about other industries that appeared before us demonstrating similar types of problems. I would like to ask you gentlemen whether you have any plans for rationalizing your industry in order to take advantage of the Canadian market in such a way that you can produce a greater volume in individual plants and reduce the price through greater productivity and production? Do you have any plans along this line?

**The Chairman:** Mr. Phillips?

**Mr. Phillips:** No; as I indicated earlier, Mr. Saltzman, I think this question is not one that could be dealt with in an answer of a few moments. It is a matter which the industry has under advisement and consideration to determine the direction in which it might go. I think we have indicated that we feel the industry has suffered due to dumping and certainly, as I indicated in the conversation some time ago, I do know there are several Canadian manufacturers who feel they could return to the manufacturing in Canada of the type of television sets that have been imported if there were a reasonable expectation of correct methods of evaluation prevailing in 1969-70.

**Mr. Saltzman:** My impression from listening to the remarks today and my examination of the industry lead me to believe that while I think you are entitled to protection from dumping as any efficient industry is, really the great problem of your industry is the inefficient structure of plant organization resulting from, I would suggest, excessive development at the Canadian market with all of you operating way below capacity.

[Interprétation]

**M. Saltzman:** On parle aussi de taxe sur les gains de capitaux, mais on n'a pas vraiment l'intention de l'imposer.

**Le président:** Après tout, monsieur Saltzman, le rapport Carter n'est qu'un rapport.

**M. Saltzman:** Monsieur le président, sans pouvoir définir clairement les paramètres de ce problème, car je sais qu'il est difficile de le faire pour moi comme pour vous, messieurs, je tiens à souligner que nous avons, semble-t-il, un problème de «surcapacité» ici et que notre industrie deviendra donc très inefficace.

On a fait allusion aux progrès du marché canadien, aux structures de notre marché, et cela explique peut-être notre problème. Mais cela me préoccupe beaucoup, car j'ai vu d'autres industries aux prises avec un genre de problème semblable. Messieurs, je voudrais savoir si vous voulez rationaliser votre industrie, si vous voulez profiter du marché canadien pour produire plus de marchandises dans chaque usine et pour réduire les prix en augmentant la productivité et la production. Avez-vous des programmes de ce genre?

**Le président:** Monsieur Phillips?

**M. Phillips:** Non, comme je l'ai indiqué plus tôt, monsieur Saltzman, je crois que la question ne peut être traitée en quelques minutes. C'est une question que notre industrie a mise à l'étude pour ensuite déterminer son orientation. On a indiqué que l'industrie a souffert du dumping et, comme je l'ai dit dans une conversation, il y a quelque temps, je sais fort bien que plusieurs fabricants canadiens pensent qu'ils pourraient recommencer à fabriquer des téléviseurs au lieu d'en importer, s'il y avait des prévisions raisonnables pour que la base d'évaluation soit la même en 1969 et en 1970.

**M. Saltzman:** Vos observations d'aujourd'hui et mon étude de l'industrie me mènent à croire que, même si vous avez besoin d'être protégés contre le dumping comme d'autres industries, votre grand problème, ce sont les structures inefficaces de vos usines, qui découlent d'un développement excessif du marché canadien, alors que vous ne fonctionnez pas à plein rendement.

[Text]

• 1725

[Interpretation]

**The Chairman:** Would any of the representatives care to comment on that?

**Mr. Phillips:** I might make one point. Of course, in the direction of Mr. Saltsman's suggestion, at the present time, of course, it is not permissible for us as an industry to discuss such a subject amongst ourselves.

**Mr. Saltsman:** I appreciate your difficulty, Mr. Phillips, but I sometimes suspect that our governments are far more to blame than the industry itself because the kind of combines legislation we have in this country makes absolutely no sense whatsoever. It is something we inherited from the United States with their pattern of production and while it might make a great deal of sense in a market 11 times our size, it is idiotic in the Canadian context.

I sincerely hope that you will do some work and approach our government to get them to do something for you because I am sure that you want to be more effective and more efficient than perhaps the structure of your industry permits you to be at the present time.

I do not think it is any failure by management or our labour force; I think it is just a failure of the structure of the industry in the way it has grown up behind tariff walls, the pattern of development in this country, the branch plant subsidiary approach and I certainly hope that the government will be co-operative and sympathetic to your problems.

**The Chairman:** Mr. Flemming?

**Mr. Hales:** I have a supplementary. Mr. Chairman, I would like someone in the electronic industry group to help to dispel my fears that there will be hundreds of perhaps thousands of Canadians put out of work because of this new anti-dumping legislation. I fear it from this point and I may be wrong; if I am, please correct me: In your industry I would think you have more American subsidiaries in Canada than any other industry. It has been proven here by a question that the four tube manufacturers were American subsidiaries in Canada.

Under this new regulation, is it not conceivable that an American subsidiary in Canada could decide to import the product they are now making in Canada from one of their world plants at a lower cost than the cost to make it in Canada, and therefore decide to close their Canadian plant and import the electronic parts they are now

**Le président:** Y a-t-il des représentants qui voudraient commenter cela?

**M. Phillips:** Je pense qu'il ne nous est pas possible, pour le moment du moins, de discuter ce sujet.

**M. Saltsman:** Je comprends que ce soit difficile pour vous, monsieur Phillips, mais, souvent, nos gouvernements sont beaucoup plus à blâmer que les industries, car, avec certaines lois sur les coalitions, cela n'a aucun sens. Nous avons hérité cette situation des Américains, avec leur propre structure de production; cela a peut-être beaucoup de sens sur un marché onze fois plus gros que le nôtre, mais pour nous, c'est idiot.

J'espère que vous demanderez à notre gouvernement de faire quelque chose pour vous, car je sais que vous voulez être plus efficaces que la structure de votre industrie ne vous le permet. Je ne pense pas que ce soit un échec de votre Direction ou de votre main-d'œuvre; je crois que cela dépend de la structure de nos industries, de notre mode de développement et des filiales des compagnies étrangères. J'espère que le gouvernement collaborera avec vous et comprendra vos problèmes.

**Le président:** Monsieur Flemming?

**M. Hales:** Une question supplémentaire, monsieur le président.

Monsieur le président, je voudrais que quelqu'un de l'industrie électronique dissipe mes craintes, car je pense qu'il y aura des centaines et peut-être des milliers de Canadiens qui seront en chômage à cause de cette nouvelle loi antidumping.

J'ai peut-être tort, mais dans votre industrie, je pense qu'il y a plus de filiales de compagnies américaines que dans n'importe quelle autre. On vient de dire que les quatre fabricants de tubes de télévision sont tous des filiales de compagnies américaines.

Avec les nouveaux règlements, peut-on concevoir que les filiales des compagnies américaines au Canada pourront décider d'importer les produits qu'elles fabriquent dans une de leurs grandes usines à un prix moins élevé que ce qu'il en coûte pour les fabriquer ici. Par conséquent, elles décideront peut-être de fermer leurs usines au Canada et d'importer



[Texte]

making in Canada? Under this new legislation would this not be possible and feasible?

**Mr. Sukloff:** I will attempt to answer that question, Mr. Hales. Ordinarily there are two controls on this type of corporate integration you speak of. First of all, the American tax people take a deep and searching look at the price at which goods are sold to a Canadian subsidiary and if that price is too low, then the American tax people assess them as an export of capital.

Another thing is sort of "playing the game"; we do not want to take the calculated risk. These decisions are not made at corporate levels, they are made at product levels. For example, and I think this bears on what Mr. Saltsman said, one company—and I speak for our own company—does a tremendous export business on a fair measurement basis. In other words, we are not going to lose money.

Our job is to make money not to lose money through taxes and other manipulations, but to measure it under fair, long-term practices so that we do not have any great fear, and the decision would not be made under the loose corporate structure to close a Canadian plant and source in Hong Kong. If that were the case it would be made in Canada, not outside in the parent company area.

**Mr. Hales:** Well, may I say this: You are going to get your part at the lowest possible price, regardless of where it comes from. That is the first consideration in business. You get it as cheap as you can and sell it for as much as you can. That is a fundamental principle of the free enterprise system. We will assume that it can be brought in cheaper than you can make it so that is where you will bring it from. Now, who is going to say that injury has been caused? I do not think it is going to be the American subsidiary in Canada. They are not going to say an injury has been caused because it is to their advantage to keep quiet.

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**Mr. Sukloff:** Well, as I understand it—and Mr. Arthur can correct if I am wrong—you disqualify yourself by being an importer and an injured party anyhow. You cannot appeal. Your own activities might injure an industry. Somebody else could appeal our activity but we would not be allowed to make an appearance and, Mr. Chairman, I might ask Mr. Arthur if my assumption is correct?

**Mr. Hales:** May I ask first who would be that other party that would register injury if

[Interprétation]

des pièces électroniques qu'elles fabriquent en ce moment ici. Je crains que la nouvelle loi entraîne cela, est-ce possible?

**M. Sukloff:** Je vais essayer de répondre à cette question, monsieur Hales. Ordinairement, il y a deux contrôles pour le genre d'intégration dont vous parlez. Tout d'abord, le fisc, aux États-Unis, examine soigneusement le prix de vente fait aux filiales canadiennes. Si ce prix est trop bas, alors, le fisc le considère comme une exportation de capitaux.

Autre chose; il s'agit de jouer le jeu, mais nous ne voulons pas prendre de risques calculés. Par exemple, et je pense que cela se rapporte à ce que M. Saltsman a dit, une compagnie, une des nôtres, fait un grand commerce d'exportation sur une base juste. En d'autres mots, nous ne perdrons pas d'argent.

Nous devons faire de l'argent et nous devons le faire d'après des pratiques équitables à long terme. Par conséquent, nous ne craignons pas vraiment qu'on en vienne à fermer l'usine au Canada; de toute façon, cette décision serait prise au Canada et non pas à l'extérieur.

**M. Hales:** Je dirai ceci: vous allez obtenir les pièces au prix le plus bas, quelle qu'en soit l'origine. C'est le premier principe du commerce, un principe fondamental du système de la libre entreprise: acheter au plus bas prix possible pour revendre ensuite au prix le plus élevé possible.

Mais disons qu'on peut les importer à un prix moins élevé; va-t-on alors les fabriquer ou les importer? Et qui dira qu'il y a eu préjudice? Ce ne sont pas les filiales américaines au Canada qui vont dire qu'il y a eu préjudice, parce que c'est à leur avantage de se taire.

**M. Sukloff:** Si j'ai bien compris, vous vous disqualifiez en étant importateur et partie lésée, de toute façon. Vos propres activités peuvent faire tort à une industrie, mais nous n'aurions pas le droit de témoigner. Je demande à M. Arthur si j'ai raison.

**M. Hales:** Je demanderais d'abord quelle est cette autre partie qui ferait une plainte si



[Text]

you have 90 or 95 per cent of the Canadian market?

**The Chairman:** I understand, Mr. Hales, that the labour movement can appeal injury to an industry, too.

**Mr. Hales:** I would be glad to hear from the industry.

**The Chairman:** Before we go any further, Mr. Hales, your question was supplementary in a way, but Mr. Flemming had the floor. I will permit the industry to reply to your question, but I think after that I will have to give the floor to Mr. Flemming.

**Mr. Hales:** I apologize, Mr. Chairman, if it was not supplementary. I thought it was but perhaps there is another angle.

**The Chairman:** I cannot argue with you, because you can always say that it is related. I have heard those questions before.

Would anyone from the industry like to reply to Mr. Hales' question?

**Mr. Sukloff:** If I may continue, sir, it is, of course, the responsibility of anyone in business to purchase goods at the lowest possible price consistent with good ethics and good judgment. If a person had 95 per cent, or a monopoly position, and had access to components, let us say, they would naturally buy them at the cheapest level.

In any event, I know that most companies will eye what others are doing and, for very competitive survival, if somebody engages in something through what might be called a weak administration, the others, for their survival, will follow suit. You have to do this.

For the record, I wish to correct the misconception that by the pooling of parent and subsidiary components you can get away with what might loosely be called "murder". We have always felt that the Department of National Revenue pays particular attention to such pooled activity. As I understand it, Mr. Hind, the Deputy Minister, can, on his own initiative, make a very thorough investigation of such an activity.

**Mr. Saltsman:** Mr. Chairman, I have a very short supplementary. It is very pertinent to the statement that has just been made.

It is understandable that the United States Government would take a very close look at a subsidiary's relations where the subsidiary is selling at less than value. Were the subsidiary selling to its Canadian branch at more than value would the United States Government be interested in that? Does it make any adjustment?

[Interpretation]

vous aviez 90 ou 95 p. 100 du marché canadien?

**Le président:** Si j'ai bien compris, monsieur Hales, le mouvement ouvrier peut invoquer le préjudice contre une industrie?

**M. Hales:** J'aimerais entendre le point de vue de l'industrie.

**Le président:** Avant d'aller plus loin, monsieur Hales, j'ai pensé que votre question était supplémentaire d'une certaine façon. Mais je permets au représentant de l'industrie de répondre à votre question. Puis je donnerai la parole à M. Flemming.

**M. Hales:** Je m'excuse, monsieur le président, je pensais qu'il s'agissait d'une question supplémentaire.

**Le président:** Je ne peux pas discuter avec vous, parce que vous pouvez dire que cela se rapporte au sujet. J'ai déjà entendu ce genre de question. Voulez-vous répondre aux questions de M. Hales?

**M. Sukloff:** J'aimerais bien continuer. Bien sûr, c'est la responsabilité de toute personne en affaires d'acheter les marchandises au prix le plus bas possible, tout en respectant le code moral et le bon jugement. Si une personne a 95 p. 100 du marché ou détient un monopole et peut acheter à un prix plus bas, certainement qu'elle va le faire.

Je sais que la plupart des compagnies surveillent les autres compagnies, c'est une condition de survivance. Et, lorsqu'une compagnie fait quelque chose, les autres compagnies en font autant, afin de survivre.

J'aimerais corriger une idée fausse, à savoir qu'en fusionnant des filiales, on peut s'en tirer à bon compte. Mais le ministère du Revenu national s'occupe spécialement de ces fusions. Et, si j'ai bien compris M. Hind, le sous-ministre, de sa propre initiative, peut faire une enquête très approfondie sur ce genre d'activités.

**M. Saltsman:** Une question supplémentaire très courte parce qu'elle se rapporte aux déclarations que l'on vient de faire. Il est compréhensible que le gouvernement américain examine soigneusement les relations des filiales lorsque ces dernières vendent à un prix inférieur à la valeur. Supposons qu'une filiale vende à une succursale canadienne à un prix plus élevé, à ce moment-là le gouvernement américain s'intéresserait-il à cela pour y faire des ajustements?

[Texte]

**Mr. Sukloff:** Not at all.

**Mr. Saltsman:** We are far more concerned about that than we are about the other.

**Mr. Sukloff:** No; the United States Government feels that is an inflow of capital, that it helps their balance of payments problem, and so on; they might encourage it.

**Mr. Saltsman:** I think it does.

**The Chairman:** Perhaps Mr. Phillips would like to comment on Mr. Hales' question?

**Mr. Phillips:** Yes, I would like to add the further point, made by both Mr. Longstaffe and Mr. Gareau, that our deeply-held view is that although we mentioned three divisions in this industry they are very interdependent. For example, any action which would interfere in the components business is detrimental to the whole industry.

We need an industry which is totally integrated, and has research, engineering and manufacturing capability; and if there is a weakness in our anti-dumping legislation which permits dumping to occur in any of these areas it is detrimental to the whole industry.

**The Chairman:** Mr. Flemming?

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**Mr. Flemming:** Mr. Chairman, my question really has to have a little preface. It is based on the first conclusion that the Electronics Association has drawn on page 6:

(1) The Canadian electronics industry can literally be destroyed by dumped imports.

We, as a Committee, and I am sure also as citizens, are somewhat disturbed by such a conclusion. We are here to study proposed legislation by which an arrangement, arrived at by various nations, can be implemented for the people of Canada.

If that conclusion is the result of a good deal of study—and I have no doubt it is—has the Association made full examination of the fact that this is an association of nations and that these are uniform applications of what are pretty much the same terms of entry, one country as compared with another?

Is not the fact that you will have access to the U.S. market, which, as Mr. Saltsman pointed out, is about 11 times as large as ours, going to be of some benefit to Canadian manufacturers, as compared—and this is the opposite side of the coin—with the effect

[Interprétation]

**M. Sukloff:** Pas du tout.

**M. Saltsman:** Nous nous intéressons beaucoup plus à ces cas qu'aux autres.

**M. Sukloff:** Non, le gouvernement américain pense que l'apport de capitaux les aide pour la balance de leurs paiements. Et, ils encourageraient probablement cette activité.

**M. Saltsman:** Je le crois.

**Le président:** Peut-être M. Phillips aurait-il des commentaires à faire relativement à la question de M. Hales?

**M. Phillips:** J'ajouterais, à ce que M. Longstaffe et M. Gareau viennent de dire, que nous avons des convictions profondes dans notre industrie. Nous avons mentionné trois secteurs qui sont interdépendants, l'un de l'autre. Par exemple, toute action qui pourrait déranger l'ordre des secteurs des composants, pourrait nuire à toute l'industrie. Nous avons besoin d'une industrie complètement intégrée, qui a des possibilités de fabriquer et de faire des recherches, et s'il y a une faiblesse dans notre législation antidumping qui permet le dumping dans un secteur, cela nuit à toute l'industrie.

**Le président:** Monsieur Flemming.

**M. Flemming:** Monsieur le président, ma question doit avoir un petit préambule. Elle est fondée sur la conclusion que l'Association de l'industrie électronique a tirée, à la page 6:

L'industrie canadienne électronique pourrait être littéralement détruite par le dumping.

Nous siégeons, ici, en tant que membres du Comité, et en tant que citoyens nous sommes un peu inquiets de cette conclusion. Nous sommes ici pour étudier le projet de loi qui nous permettra d'appliquer ici, au Canada, des solutions trouvées par différents pays.

Si cette conclusion est le résultat, et je n'en doute pas, d'une étude approfondie, est-ce que l'Association a fait un examen en profondeur du fait qu'il s'agit d'une association de nations qui appliquera à peu près les mêmes termes d'importation, d'un pays à l'autre? Est-ce que le fait que vous aurez accès au marché américain qui, comme l'a dit M. Saltsman, est onze fois plus grand que le nôtre, n'aidra pas les fabricants canadiens, comparativement à l'effet que la concurrence des autres producteurs, dans d'autres pays, auraient sur vous, dans votre marché? Je me



[Text]

which competition from producers in other countries would have on you in your market?

Perhaps Mr. Phillips would make some comments on that aspect.

**Mr. Phillips:** Certainly, the Canadian Electronics Industry is an active exporter. Its exports have grown very substantially in the last number of years. I believe the estimate of the electronics industry's export volume in 1968 is in the order of \$240 million.

**The Chairman:** That is about 25 per cent of your sales.

**Mr. Flemming:** If I may interject, Mr. Phillips, do you expect that because of the new legislation which will be effective January 1st 1969, your ability to grow will be impaired? You say in your conclusion that it may literally result in your electronics industry being destroyed. This is of great concern to me.

**Mr. Phillips:** Perhaps I should put our conclusion slightly differently, Mr. Flemming. We do not say that there is a real danger of the new legislation literally destroying the electronics industry. We say that it can be destroyed by dumping.

We have further drawn the conclusion that under the circumstances with which the country is faced we do believe that the legislation, as drafted, essentially provides for an environment in which the Canadian electronics industry can operate successfully, providing that there are adequate resources for speedy and aggressive application of the regulations and of the legislation.

The whole matter, in our opinion, rests upon the devoting of adequate resources to the speedy follow-up of any cases that arise and the application of the legislation.

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**Mr. Flemming:** I assume that the decisions of the Deputy Minister of National Revenue, as the officer, and the way in which it is approached have a bearing on your conclusion?

**Mr. Phillips:** Yes. As we have listened to the remarks at this and other meetings we feel reassured on certain points.

It might be helpful if also Mr. Sukloff were to add to my points, Mr. Chairman, but certainly under the conditions that have prevailed in the past we have been pretty much in the dark on what was happening when there was an allegation of dumping.

We believe that with the new legislation it will more rapidly become public knowledge

[Interpretation]

demande si M. Phillips voudrait nous donner son opinion à ce sujet?

**M. Phillips:** Certainement. L'industrie électronique du Canada est un exportateur entreprenant. Ses exportations ont augmenté de façon substantielle depuis quelques années. Je pense que le volume d'exportation en 1968, pour l'industrie électronique, est de l'ordre de \$240 millions.

**Le président:** C'est à peu près 25 p. 100 de vos ventes.

**M. Flemming:** Je ne voudrais pas vous interrompre, monsieur Phillips, mais est-ce que ceci pourrait vous aider? Est-ce que vous prévoyez qu'avec la nouvelle législation, qui entrera en vigueur le 1<sup>er</sup> janvier 1969, que votre possibilité de croissance sera arrêtée? Vous dites en conclusion que votre industrie peut être détruite? Cela m'inquiète beaucoup.

**M. Phillips:** Peut-être devrais-je nuancer un peu cette conclusion. Nous ne disons pas, monsieur Flemming, qu'il y a un danger réel à cause de la nouvelle législation, qu'elle peut ruiner l'industrie électronique. Nous disons que le dumping peut ruiner l'industrie. Et, dans la situation présente du pays, nous croyons vraiment que la loi, telle qu'elle a été rédigée, fournit un climat dans lequel l'industrie des produits électroniques peut survivre, à condition qu'il y ait des ressources suffisantes pour une application efficace et rapide des règlements. Tout ceci, à notre avis, repose sur la façon dont les règlements seront appliqués et la rapidité avec laquelle cela sera fait.

**M. Flemming:** Je présume que les décisions de sous-ministre du Revenu national et son attitude ont une influence sur vos conclusions?

**M. Phillips:** Oui, en écoutant les observations faites au cours de cette réunion, ainsi qu'à d'autres, nous sommes rassurés sur certains points et je pense qu'il serait utile de demander à M. Sukloff de développer un peu le sujet, si monsieur le président le permet.

Mais, d'après les conditions qui existaient dans le passé, nous étions un peu dans l'obscurité sur ce qui se produisait lorsqu'on portait une accusation de dumping.

Nous pensons qu'avec la nouvelle loi, nous pourrions mieux comprendre ce qui se passera



[Texte]

so that we will have a better understanding of what is happening.

We think that the time elements which have been referred to should be helpful, and will certainly become very important in the period immediately after the legislation is adopted, in the interim period until we find out where we stand. This is why I made a particular point of the television situation, now facing many manufacturers, of whether, in fact, to gear up for manufacture in Canada where they have been forced to import because of price in the recent past.

**Mr. Flemming:** I believe, however, Mr. Chairman, that Mr. Hind did issue the warning that under the new rules which will prevail after the first of the year the situation on dumping could, and might, be changed.

**The Chairman:** Yes, Mr. Phillips?

**Mr. Phillips:** This is a warning that we have noted, and your Chairman has asked that we arrange to meet with the officials of the Departments and...

**The Chairman:** Excuse me; I suggested. I cannot ask; I can suggest.

**Mr. Phillips:** Yes. We certainly welcome that opportunity to clarify this point, because there is a lot at stake. This applies not only to the employment involved in the television industry, *per se*, but to the television industry, because without a television industry we will not have the components industry which Mr. Longstaffe and Mr. Gareau have described. If we do not have a components industry we will have far less chance of being successful in communications, space communications, and all of the other new sophisticated areas of electronic development.

May I ask Mr. Sukloff to add to my comments, Mr. Chairman?

**Mr. Sukloff:** Mr. Chairman, on the whole, as was discussed this morning at one of your hearings, we cannot say other than that we are content that the words in the White Paper provide the necessary protection. It has been very carefully thought out. The point of administration is of course, of vital importance.

The new allowances are reasonable, and I am sure Mr. Hind's administration will carefully see to it that there is no overcompensation, or overpayment, and that it is reasonable that if a fellow performs a function that is different, or as a national distributor, he should be entitled to some form of commission providing it is not excessive. I imagine it would be in the nature of eight to ten per

[Interprétation]

et nous pensons que l'élément temps, dont on a parlé, devrait être utile. C'est certainement une question qui revêtira une très grande importance au cours de la période qui suivra immédiatement l'entrée en vigueur de la loi.

En attendant, il est très important de savoir où nous en sommes, surtout en ce qui regarde la situation des postes téléviseurs. Les fabricants se demandent s'ils pourront fabriquer les pièces qu'ils étaient obligés d'importer dans le passé.

**M. Flemming:** Je crois, monsieur le président, que M. Hind a émis un avis qu'avec les nouveaux règlements, qui seront en vigueur après le 1<sup>er</sup> janvier, que la situation, en ce qui concerne le dumping, pourrait être changée?

**Le président:** Oui, monsieur Phillips?

**M. Phillips:** Certainement. C'est un avertissement que nous avons noté et votre président a demandé que nous ayons une réunion avec les fonctionnaires du ministère.

**Le président:** Excusez-moi, suggéré. Je n'ai pas demandé, j'ai suggéré.

**M. Phillips:** Oui. Certainement, nous serions heureux d'avoir l'occasion d'élucider ce point, parce qu'il y a certainement beaucoup de choses en jeu, en ce moment, dans l'industrie de la télévision. Sans l'industrie de la télévision, nous n'aurons pas une industrie de pièces détachées, dont ont parlé MM. Longstaffe et Gareau, et nous aurons beaucoup moins de chance de réussir dans l'industrie des télécommunications, des communications par satellites et dans les développements les plus avancés de l'électronique, si nous n'avons pas le secteur de la télévision. Puis-je demander à M. Sukloff de compléter ma pensée ?

**M. Sukloff:** Monsieur le président, je pense qu'en général, comme on l'a dit ce matin, nous ne pouvons faire autrement que de dire que nous sommes satisfaits des protections fournies par la nouvelle législation. Tout cela a été bien pesé. La question de l'administration est, bien entendu, d'une importance vitale.

Au sujet des nouvelles allocations, elles sont raisonnables et je sais que les fonctionnaires, sous la direction de M. Hind, verront à ce qu'il n'y ait pas de surpaiements. Il est raisonnable que, lorsqu'une personne est distributeur national d'un produit extraordinaire, qu'il puisse profiter d'une commission à condition que ce ne soit pas exagéré. Mais, certaines différences entre les valeurs, sur

[Text]

cent, but some of the disparities in values which we have investigated are in the neighbourhood of 40 per cent. It is not the level of trade that causes us much concern, but naturally we will want the greatest amount of protection.

Relative to your other point about international compensation for what Canada has given away, the question was raised by Mr. Saltsman whether we could not—and I abhor the word “rationalize”—seek out an American market. The fact is that we in the television tube business have made quite a study of whether the American market was attractive to us, but we think this is in direct violation of the Kennedy Round concept. The rate of duty on television tubes was raised, not lowered by a special act of Congress. At the present time, the statutory rate is about 12 per cent on black and white television tubes going into the United States and the rate of duty is 30 per cent. On colour television tubes we are faced with the threat—and I think it is a real one—that the temporary tariff of about 12 per cent will be increased to around 24 per cent in August, 1969.

Another thing we are worried about—and I say this with a little flexibility—is the protectionist attitude of the United States. Very strong statements are being made that the United States, for one reason or another, is going to postpone the next round of cuts; that, in other words, they are not going to follow the stage pattern in 1969.

These things do disturb us, and although we do not recommend retaliatory action it is something that our people should watch very carefully. If others are going to pull these tricks to protect their domestic industries I think Canada should at least do the same.

**Mr. Flemming:** May I interject at this point? Surely they would not attempt to postpone the introduction of the same rules of application for entry into their market. Whatever has been agreed on will surely go into effect.

I do not attach too much importance to the fact that somebody gets up in the United States Congress and blows off steam. It is what the country does that counts.

I think Mr. Arthur could tell us that the general ground rules are agreed to now between the different subscribing nations, including the United States.

**The Chairman:** Also, Mr. Flemming, the Minister of Finance has said on several occa-

[Interpretation]

lesquelles nous avons fait enquête, sont d'environ 40 p. 100. Et, ce n'est pas le volume du commerce qui nous cause des inquiétudes.

Mais, relativement à l'autre point, les compensations internationales, pour ce que le Canada a donné, c'est une question soulevée par M. Saltsman. Est-ce que nous ne pourrions pas rechercher le marché américain? beaucoup ce mot-là, est-ce que nous ne pourrions pas recherche le marché amérincain? Nous avons fait une étude approfondie en ce qui concerne les tubes électroniques, afin de savoir si le marché américain pouvait nous attirer. Mais nous pensons que c'est là une violation du concept des négociations Kennedy.

On a augmenté le taux des droits de douanes sur les tubes électroniques, c'est le Congrès américain qui a fait cela. Le taux statutaire est d'environ 10 p. 100 pour les tubes pour la télévision en noir et blanc allant aux États-Unis et le taux des droits est de 30 p. 100. En ce qui a trait aux tubes pour la télévision en couleurs il y a une menace réelle que ce taux provisoire de 12 p. 100 serait augmenté à environ 24 p. 100 au mois d'août 1969.

Une autre chose nous inquiète, je dis cela avec une certaine flexibilité, c'est qu'on a fait des déclarations très vigoureuses que les États-Unis, pour une raison ou pour une autre, attendront pour faire des coupures. On ne suivra pas la même tendance pendant l'année 1969. Ces choses nous inquiètent. Et, bien que nous ne recommandons pas les représailles, c'est une chose que nous devons surveiller activement. Si d'autres pays ont recours à des trucs pour protéger leur industrie, le Canada devrait faire la même chose.

**M. Flemming:** Puis-je soumettre ici, qu'ils n'essaieraient pas délibérément de retarder l'application des mêmes règlements pour les produits qui entrent sur leur marché. Ce qui a été adopté sera appliqué. C'est ce que le pays fait qui compte, ce n'est pas ce que les têtes chaudes disent au Congrès. Et, M. Arthur pourrait peut-être nous dire que les règlements fondamentaux sont fixés entre les différents pays contributeurs, y compris les États-Unis.

**Le président:** Je pense, monsieur Flemming, que le ministre des Finances a dit, en



*[Texte]*

sions that if one of the countries that signed the agreement did not fully follow up the agreement Canada would examine the situation very, very closely.

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**Mr. Flemming:** I believe you said that there were 55,000 people involved in your industry. If you multiply 55,000 by about \$10,000.00 annual salary each you get an astronomical figure. So I think that this is of tremendous importance to the country.

Mr. Chairman, I was pleased to hear that the industry had grown as much as it had. We do not have much industry of this nature. There is a small radio engineering plant near Campbellton and I noted in the newspapers that there was such a scramble for their stock the other day on the market that their shares went from about \$2.00 or \$3.00 up to about \$50.00. So they must be making money. I do not know too much about this plant but I presume they are involved in electronics. I am pleased to see successful businesses anywhere in Canada, but I am also interested in seeing them maintained and continued.

Mr. Chairman, those are all the questions I have.

**The Chairman:** Mr. Latulippe?

**M. Latulippe:** Je voudrais poser quelques questions qui ont été déjà posées. Nous nous rendons tous compte que le marché canadien et les marchés mondiaux sont inondés par des appareils de télévision et de radio japonais et par différentes formes d'appareils électroniques. On voyage à la grandeur du monde et on voit de nombreux appareils japonais partout dans les vitrines. Il y a donc quelque chose qui attire les pays ou les citoyens à acheter ces appareils: peut-être le fait qu'ils sont beaucoup moins dispendieux. Le prix est un facteur assez important à considérer. Je crois que les appareils japonais, surtout les appareils de télévision en couleur, sont beaucoup moins dispendieux que les appareils de télévision canadiens ou américains.

Le marché japonais prend toujours de plus en plus d'ampleur, non seulement au Canada, mais aussi dans les différents pays du monde. Est-il possible que le gouvernement japonais accorde des subsides aux compagnies électroniques pour leur permettre d'ouvrir des marchés étrangers, de telle sorte que le marché canadien ou le marché américain ne peuvent plus faire concurrence au marché japonais? Vous devez être au courant si des subsides sont accordés dans ces conditions pour permettre au marché japonais de se développer davantage. C'est peut-être une situation grave

*[Interprétation]*

certaines occasions, que si l'un des pays signataires ne donnait pas suite aux accords, que le Canada y regarderait de très près.

**M. Flemming:** Vous avez dit, je pense que votre industrie employait 55,000 personnes. Si vous multipliez 55,000 par environ un salaire annuel de \$10,000, on arrive à un chiffre astronomique. Je pense que c'est une chose très importante pour le pays.

Monsieur le président, j'étais heureux d'entendre que l'industrie avait progressé. Seulement, nous n'avons pas beaucoup d'industries de ce genre. En lisant les journaux, j'ai constaté qu'il y a une petite usine électronique près de Campbellton et que ses actions sont passées de \$2 ou \$3 à environ \$50. Elle doit donc être très prospère. Je ne connais pas très bien cette usine, mais je sais qu'elle se spécialise dans l'électronique. Je suis heureux de voir une industrie progresser au Canada. Je m'intéresse aussi à ce que ces industries puissent survivre et progresser.

Merci, monsieur le président.

**Le président:** Monsieur Latulippe.

**Mr. Latulippe:** I would like to ask a few questions which have already been put by others. We all realize that the Canadian market and the world markets are flooded by television sets and radio transistors from Japan and other electronic devices. No matter where we travel, all over the world, we see Japanese appliances in great numbers in shop windows everywhere. There must be something therefore which attracts people to buy these appliances. Perhaps the fact that they are much cheaper. I think the price is a fairly important factor. I think that Japanese sets are notably cheaper, especially their colour television sets are much cheaper than Canadian or American sets.

The Japanese market is taking on more and more importance, not only in Canada, but also in other countries of the world. Does the Japanese government give subsidies to the electronics industry in Japan to help them gain foreign markets, so that the Canadian or the American markets are unable to compete with the Japanese market? You must be aware whether subsidies are given under these conditions in order to enable the Japanese market to develop further. This may be a serious situation for Canada and other countries which are in a similar situation.



[Text]

pour le Canada et pour d'autres pays semblables. Est-il possible que des subsides soient accordés par ces différents gouvernements exportateurs?

**Mr. Phillips:** In direct answer to the question, Mr. Chairman, we are not aware of any subsidies being used to enable the Japanese electronics industry to penetrate the Canadian market. We do not have any evidence of that. But to proceed further on the question, as we indicated earlier, certainly the Japanese electronics industry is to be commended for the aggressive and successful approach they have taken in many parts of the world. The point that we specifically have spoken to this afternoon is our concern about the dumping of Japanese electronics goods into Canada. We would like to have assurance that the Canadian electronics industry, so vital to Canada's future in so many ways, will not be subjected to dumping under the new legislation which you have under consideration.

**The Chairman:** Mr. Latulippe?

**M. Latulippe:** Le dumping est assez difficile à arrêter. Ne serait-il pas possible que vous obteniez, vous aussi, des subsides du gouvernement canadien pour faire de l'importation?

**Le président:** Monsieur Latulippe, avec les accords canadiens du GATT, il ne serait pas permis que le gouvernement canadien donne des subsides. Monsieur Phillips.

**Mr. Phillips:** I think I should refer that question to Mr. Sukloff. As far as I am aware, we have never considered such a request.

**Mr. Sukloff:** I must apologize but the electronic device is not working.

**Le président:** Monsieur Latulippe, voulez-vous poser votre question de nouveau pour l'information de M. Sukloff?

**M. Latulippe:** A l'avenir, le marché canadien sera certainement saturé. Ne serait-il pas possible pour vous d'obtenir du gouvernement canadien certains subsides pour des exportations et pour l'opération de vos industries?

**Mr. Sukloff:** Again I must apologize, but the translation mechanism is not working properly.

**The Chairman:** Mr. Latulippe asked if the industry ever considered asking the Canadian government for a subsidy to assist it in meeting future Japanese competition?

[Interpretation]

Is it possible that subsidies are being granted by these various governments of exporting countries?

**M. Phillips:** Pour répondre directement à la question, monsieur le président, je dois dire que nous ne sommes pas au courant de subventions payées à l'industrie électronique du Japon pour leur permettre d'entrer sur le marché canadien. Nous n'avons pas de preuve de cela.

Mais, pour aller plus loin en la matière, nous l'avons déjà dit, l'industrie électronique japonaise doit certainement être félicitée pour leur habitude agressive et heureuse sur le marché du monde. Nous nous inquiétons cependant du dumping de produits électroniques japonais au Canada.

Parce que l'industrie électronique est tellement importante pour le Canada de plusieurs façons, nous aimerions être assurés qu'il n'y aura pas de dumping après l'adoption du projet de loi que vous étudiez.

**Le président:** Monsieur Latulippe.

**Mr. Latulippe:** Dumping is fairly hard to stop. Would it not be possible for you to obtain subsidies from the Canadian government to help you import products?

**The Chairman:** Mr. Latulippe, I do not think the Canadian government would be permitted to give subsidies. In view of the Canadian GATT agreement.

**M. Phillips:** Je devrais référer cette question à M. Sukloff. En autant que je sache, nous n'avons jamais pensé à faire une telle demande.

**M. Sukloff:** Je m'excuse, mais l'appareil électronique ne fonctionne pas.

**The Chairman:** Will you put your question again, Mr. Latulippe for the sake of Mr. Sukloff?

**Mr. Latulippe:** In the future, the Canadian market will be saturated. Would it not be possible for you to obtain from the Canadian government certain subsidies to assist exports and the operation of your industries?

**M. Sukloff:** Encore une fois, je dois m'excuser mais je n'ai pas entendu la question sur l'appareil électronique.

**Le président:** Monsieur Phillips, voici la question. Est-ce que votre industrie a déjà songé à demander des subsides au gouvernement canadien, qui vous permettraient de faire face à la concurrence japonaise à l'avenir?

[Texte]

**Mr. Sukloff:** We have never asked for any of those aids because we feel that they are very costly to the Canadian government. They introduced a non competitive situation and most countries legislate, if you will, against such activities. I feel, however, that while the Japanese, for example, do not call it a subsidy they do highly protect the domestic industry—the moment excess capacity develops in those highly protected domestic industries which we are blocked away from it encourages incremental pricing and costing for export only.

If we do hear of these things taking place we report them to Mr. Hind. However, we have very strong evidence that their highly protected domestic industry, precluding the importation of goods, enables them to finance incremental costing. Any export business is profitable irrespective of the price and to me this is a form of subsidy. Although it does not legally follow the term subsidy, it is straight dumping, and we believe Mr. Hind has methods of combatting this. We do feel it is a form of subsidy.

• 1755

**The Chairman:** Mr. Hind.

**Mr. Hind:** Mr. Chairman, the use of incremental costing in designing prices to Canada would immediately bring the imported goods under the new dumping legislation as it does under the present legislation.

**The Chairman:** Mr. Sutherland.

**Mr. Sutherland:** Mr. Chairman, with regard to the industrial side of the electronics business I would like also to mention the fact that certain countries, notably in Europe, likewise are unavailable to Canadian manufacturers of sophisticated equipment. Their industry is pretty well protected. A great deal of the business is done by allocation rather than even competitive bidding. It is virtually impossible for manufacturers of sophisticated equipment in Canada to get into these markets.

In addition, for export purposes we talked about incremental pricing and of various countries doing this for export business. This is possible of course only when you have a large domestic market. We cannot do this in Canada for export purposes because the domestic market itself is small and hence for export purposes we have to use the normal factors. We certainly cannot consider incremental costing in any export work we do in this sophisticated electronics field.

**Le président:** Monsieur Latulippe, avez-vous d'autres questions?

[Interpretation]

**M. Sukloff:** Nous n'avons jamais demandé de tels secours parce que nous savons que cela coûte très cher au gouvernement canadien et que cela introduit un élément de mauvaise concurrence. Je pense cependant que, bien que les Japonais, par exemple, n'appellent pas cela une subvention, ils protègent l'industrie domestique. Dès qu'il y a des surplus dans ces industries domestiques hautement protégées, auxquelles nous n'avons pas accès, ils encouragent l'augmentation des prix pour l'exportation.

Lorsque nous entendons parler de ces choses, nous faisons rapport au ministère. Mais nous savons que c'est une industrie hautement protégée et cela leur permet de financer l'augmentation des coûts. Pour moi, c'est une façon de subventionner l'industrie, bien qu'au point de vue strictement juridique, ce ne soit pas une subvention. Cela équivaut au dumping. C'est une forme de subvention, à notre avis.

**Le président:** M. Hind.

**M. Hind:** Monieur le président, l'utilisation du coût augmenté pour les prix d'exportation au Canada entraînerait immédiatement des sanctions d'après la Loi sur l'antidumping.

**Le président:** M. Sutherland.

**M. Sutherland:** En ce qui concerne le côté industriel de l'industrie électronique, je voudrais dire tout de suite que certains pays, surtout en Europe, sont fermés aux exportations canadiennes de produits développés. On procède par allocations plutôt que par offres de prix. Il est impossible pour les fabricants canadiens de ces produits développés d'entrer sur le marché européen.

Quant à l'augmentation des prix pour l'exportation, cela est possible seulement lorsqu'il y a un marché domestique considérable. Au Canada, nous ne pouvons pas le faire, parce que le marché domestique est petit. Par conséquent, nous devons avoir recours aux facteurs normaux pour l'exportation. Nous ne pouvons pas faire appel à l'augmentation des prix.

**The Chairman:** Mr. Latulippe, have you any other questions?



[Text]

**M. Latulippe:** J'ai posé ma seule question tout à l'heure, mais je n'ai pas eu de réponse.

**Le président:** Laquelle?

**M. Latulippe:** Ne pensez-vous pas que le marché canadien est presque saturé dans le domaine des téléviseurs et des radios?

**Le président:** Monsieur Latulippe, les questions posées aux représentants de l'Association et les réponses données prouvent certainement que le marché est saturé.

**M. Latulippe:** Il y a donc une certaine saturation dans le marché. Si les industries veulent subsister, elles devront demander des subsides, sinon elles devront fermer leurs portes. Il n'y a pas d'autre moyen, car elles diminuent leur production.

**Le président:** Vous savez, monsieur Latulippe, que le Canada a signé un accord l'année dernière. Cet accord est devenu effectif le premier juillet 1967. Nous sommes obligés, comme premier signataire, de respecter nos engagements. Dans cet accord, il y avait un nouveau code sur l'antidumping, que nous sommes à étudier présentement et qui doit être retourné devant le Parlement pour adoption. Avez-vous d'autres questions, monsieur Latulippe?

**M. Latulippe:** Non, pas pour le moment.

**Le président:** Vous allez me permettre de donner la parole à M. Portelance. Il est six heures. M. Portelance a indiqué qu'il voulait poser des questions, de même que M. Hales, M. Gillespie et M. Trudel. Voulez-vous continuer encore pendant quelques minutes pour permettre de terminer l'interrogatoire de ce groupe ou voulez-vous ajourner jusqu'à 8 h. ce soir? Nous avons un autre groupe qui doit présenter son mémoire ce soir. Monsieur Portelance.

**The Chairman:** Is it agreed, gentlemen, to continue for a few more minutes to terminate this particular probe?

**Some hon. Members:** Agreed.

**The Chairman:** Mr. Portelance?

**M. Portelance:** Merci, monsieur le président. Je vais être très bref d'ailleurs. Je pose ma question à M. Phillips. D'après le Livre blanc, est-ce que les industries, qu'il représente, croient qu'elles sont traitées de façon équitable et juste face à leurs concurrents? Je crois que c'est une de leurs suggestions.

Ma deuxième question s'adresse à M. Hind. L'industrie représentée par M. Phillips propose qu'un personnel administratif, compre-

[Interpretation]

**Mr. Latulippe:** My only question was asked a while ago, but I did not receive an answer.

**The Chairman:** Which one?

**Mr. Latulippe:** Don't you think that the Canadian market is almost saturated in the field of television sets and radio sets?

**The Chairman:** Mr. Latulippe, the questions asked to the representatives of the Association and the answers given certainly prove that the market is saturated.

**Mr. Latulippe:** Thus, there is a certain saturation of the market. Now, if our industries want to go on operating, they will have to request subsidies, or else they will have to shut down. There is no other way, since they are reducing their production.

**The Chairman:** As you know, Mr. Latulippe, Canada signed an agreement last year, which became effective on July 1, 1967. As first signatories of this agreement, we have to respect our obligations. In this agreement, there was a new anti-dumping code which we are now considering, and which must be returned to Parliament for adoption.

Have you other questions, Mr. Latulippe?

**Mr. Latulippe:** No, not for the moment.

**The Chairman:** I would like to give Mr. Portelance the opportunity to take the floor. It is now six o'clock.

Mr. Portelance has mentioned that he has a few questions, and so have Mr. Hales, Mr. Gillespie and Mr. Trudel. Do you wish to go on for a few minutes in order to finish questioning the group before us, or would you rather adjourn until eight o'clock this evening? We have another group to appear and present a brief this evening.

**Le président:** Voulez-vous continuer pendant quelques minutes afin de terminer l'étude de ce mémoire?

**Des voix:** D'accord.

**Le président:** Monsieur Portelance.

**Mr. Portelance:** Thank you, Mr. Chairman. I will be very brief. According to the White Paper—I would like to address my question to Mr. Phillips—do you think that your industry is treated fairly considering your competitors? I believe this is one of their suggestions.

My second question is addressed to Mr. Hind. The industry represented by Mr. Phillips has proposed that administrative person-



[Texte]

nant des personnes connaissant les appareils électroniques de l'industrie canadienne, fasse partie de l'équipe qui doit juger la question de l'antidumping. A-t-on des personnes qualifiées dans ce domaine?

• 1800

**The Chairman:** If Mr. Phillips wants to answer the first question, he may do so. Then I will give the floor to Mr. Hind for the second question. Mr. Phillips?

**Mr. Phillips:** The question, Mr. Chairman, is very wide-ranging. Is the industry, in our opinion, treated fairly with respect to competition? I think I must qualify in answer to that question by saying that our industry is changing rapidly from the beginnings of radio broadcasting and radio receivers to complex and far-ranging earth and space communications systems, with information systems involved with computers. As we attempted to point out in our opening remarks, the electronics industry and Canada's capability in it is of far-reaching importance to Canada's economic and social progress.

On these new terms we feel that we must do a better job than we have done in the past of convincing you gentlemen of Parliament and the Government of Canada of the importance of this industry to the country, and of the steps that we feel should be taken in order to provide an environment to stimulate research, to stimulate exports and to provide a fair and equal treatment in terms of competition with foreign competitors who are attempting to penetrate this market. I think another point that we made—this is outside the area of this direct anti-dumping legislation; however, it is symptomatic of the condition which we are trying to describe—is the discriminatory nature of the excise tax which discriminates against this industry, not only in relation to foreign competition, but against other industries in Canada that are attempting to serve Canadian consumers.

**The Chairman:** Mr. Hind, would you care to reply to the second question posed by Mr. Portelance on the administration of the new law?

**Mr. Hind:** Mr. Chairman, I wonder if I could ask Mr. Portelance to repeat the question. I am sorry I did not get its full import.

[Interprétation]

nel including specialists familiar with the various electronic apparatus of the Canadian industry should be part of the group which has to deal with the anti-dumping problem. Do we have any qualified personnel in this field?

**Le président:** M. Phillips, ensuite M. Hind.

**M. Phillips:** La question, monsieur le président, est d'une très grande portée. Est-ce que l'industrie est traitée avec toute justice si on la compare à la concurrence? Je pense que pour répondre à la question, je dois dire que notre industrie change rapidement, depuis les débuts de la radio diffusion et des récepteurs radio jusqu'aux systèmes de communication terrestres et spatiaux à longue portée, si complexes, et les systèmes d'information, liés à des ordinateurs.

Comme nous avons essayé de le dire au début de notre mémoire, l'industrie électronique et le rôle qu'y joue le Canada sont très importants pour le progrès économique et social du pays.

Dans ces nouvelles conditions, nous devons mieux nous efforcer que nous ne l'avons fait dans le passé de vous convaincre, messieurs les députés, et vous messieurs du gouvernement de l'importance de cette industrie pour notre pays et il faut parler aussi des mesures qui devraient être prises pour créer un milieu qui permettra de stimuler la recherche, de stimuler les exportations et de permettre à notre industrie de lutter à armes égales avec les concurrents étrangers qui essaient de pénétrer dans le marché.

Il y a un autre point que nous avons fait ressortir,—ce problème déborde le cadre de la loi sur l'antidumping, mais c'est un aspect symptomatique de la situation que nous essayons de décrire,—c'est le caractère discriminatoire de la taxe d'accise qui joue non seulement contre notre industrie, dans ses rapports avec la concurrence étrangère, mais aussi contre d'autres industries canadiennes qui veulent servir les consommateurs du pays.

**Le président:** Monsieur Hind, voulez-vous répondre à la deuxième question posée par M. Portelance, au sujet de l'application de la nouvelle loi.

**M. Hind:** Monsieur le président. Je pourrais demander à M. Portelance de répéter la question? Je n'ai pas saisi ce qu'il a dit.

[Text]

**M. Portelance:** Monsieur le président, le rapport de M. Phillips demande que le personnel de cet organisme administratif et, peut-être quasi-judiciaire comprenne des personnes ayant une connaissance des appareils électroniques et de l'industrie canadienne de la fabrication des appareils électroniques. C'est une des suggestions que...

**Le président:** A quelle page?

**M. Portelance:** C'est à la page 8 du texte français, dernier paragraphe.

**The Chairman:** I think you will find this at the bottom of page 6 and page 7 of the English version.

• 1805

**Mr. Hind:** Mr. Chairman, I will speak only of the Department of National Revenue, Customs and Excise, because the question also involves, I believe, the personnel of the Tribunal. But speaking for our own Department, I would say that we have been dealing for a great many years with the electronics industry. We know many of their problems. We have become very much aware of the peculiar characteristics of the products that are turned out by this industry. On occasion and when it is necessary we do indeed turn to the industry for assistance and we will continue to do so in the future.

As a result of this long association with the work, we have developed in our own organization people who are reasonably knowledgeable of the industry itself. This has been brought about not only by discussions with members of the industry, but by visits to the plants of the various manufacturers which have been kindly arranged by the members of the industry. We would like to hope that we can continue to expand our knowledge of the industry in the same fashion.

**The Chairman:** Mr. Phillips.

**Mr. Phillips:** Mr. Chairman, as members of this association, we certainly have complete confidence in the competence of the officials of the Department of National Revenue. In making this recommendation we were really trying to make the point that we feel they must have adequate resources available to them in order to carry out this responsibility.

**The Chairman:** Mr. Gillespie.

**Mr. Gillespie:** Mr. Chairman, I want to refer back to a statement that Mr. Phillips made earlier in his introductory remarks. The figure I jotted down, Mr. Phillips, was \$60 million. Would that be the annual amount devoted to research and development by the Electronic Industries Association of Canada?

[Interpretation]

**Mr. Portelance:** Mr. Chairman, it is mentioned in Mr. Phillips' brief we ask that the staff of this administrative and quasi-judicial agency should include persons with a knowledge of electronic equipment and also of the manufacturing end of this industry in Canada. It is—

**The Chairman:** On what page?

**Mr. Portelance:** —on page 8 of the French text of the brief—last paragraph.

**Le président:** Cela se trouve en bas de la page 6 et à la page 7 de la version anglaise.

**M. Hind:** Monsieur le président, je parlerai seulement des douanes et de l'accise de notre ministère, car la question englobe le personnel du tribunal. Mais en parlant pour notre propre ministère, pendant plusieurs années, nous avons traité avec l'industrie électronique, nous connaissons beaucoup de leurs problèmes, nous avons fini par connaître très bien les caractéristiques de sa production, et, le cas échéant, nous nous tournons vers l'industrie pour avoir leur aide et nous continuerons à le faire dans l'avenir. Comme nous sommes associés depuis longtemps à leurs travaux, nous avons formé dans notre propre organisation, des gens qui connaissent suffisamment l'industrie elle-même. Cette formation résulte non seulement de rapports avec le personnel de l'industrie, mais aussi de visites d'usines aimablement organisées par les industriels. Nous espérons que nous pourrions continuer à étendre nos connaissances sur notre industrie de la même façon.

**Le président:** Monsieur Phillips.

**M. Phillips:** Monsieur le président, à titre de membres de cette Association, nous sommes sûrs de la compétence des fonctionnaires du ministère du Revenu national. En faisant cette recommandation, nous avons essayé de dire qu'il leur faut avoir les ressources nécessaires pour assumer leurs responsabilités.

**Le président:** Monsieur Gillespie.

**M. Gillespie:** Monsieur le président, je voudrais revenir à la déclaration de M. Phillips. M. Phillips avait cité, je crois un chiffre de 60 millions de dollars, s'agit-il de la somme qui est dépensée chaque année par l'industrie électronique du Canada en recherche et développement?



## [Texte]

**Mr. Phillips:** This is an estimate which we have obtained from the Department of Industry as to the amount expended on research and development estimated for 1968 within the electronics industry in Canada.

**Mr. Gillespie:** The thing I am interested in is how much of this is really original research and development in the sense that it is something that represents a Canadian point of view or a Canadian content. I refer particularly to two things, the high degree of foreign ownership that we have noted already in our discussions, and the fact that most of the research, I think, in those firms is done by the parent companies or other companies in those groups. I refer as well to the manufacturing agreements which many of the firms in the electronics industry would have, whereby they remit a royalty for research which they have purchased in the form of a licensing agreement.

**Mr. Phillips:** I might refer that question, Mr. Chairman, to Mr. Sutherland. I would like to say that I am sure Mr. Sutherland can point out some of the exciting fundamental research in electronics that is being done and has been done in Canada.

**Mr. Gillespie:** Just before he does, the reason I asked this question is that we are talking about the health of the industry here and you have indicated that this is an area that you want to go into. You want to point towards something which has a Canadian content and Canadian originality, and you have indicated as well the high degree of foreign ownership. Many of us are asking whether the two are really compatible. Can you develop something which has Canadian originality when there is a high degree of foreign ownership and I think, probably, a high degree of licensing agreements as well in the industry?

**Mr. Phillips:** Mr. Chairman, I think Mr. Sutherland can indicate a "yes" to that question if he had an opportunity.

**Mr. Sutherland:** Gentlemen, it is true that the industrial side of the electronics business particularly is endeavouring to establish certain fields of excellence. There is not duplication between the companies. Companies have decided to go their own particular ways in the fields of excellence.

As for subsidiaries of American firms, I can speak from our own experience. Certain charters have been assigned to our company in Canada where we have the world-wide responsibility for the research development, engineering production and marketing for these fields. These fields are ones that we

## [Interprétation]

**M. Phillips:** C'est là une estimation fournie par le ministère de l'Industrie, relative aux précisions budgétaires pour la recherche et le développement, pour 1968, dans l'industrie électronique au Canada.

**M. Gillespie:** Ce qui m'intéresse, c'est de savoir quelle proportion de cette somme va vraiment à la recherche et au développement effectués par des Canadiens. Je pense notamment à deux faits: la part élevée du capital étranger dont nous avons déjà fait état dans nos débats et le fait que la plupart des travaux de recherche réalisés dans ces firmes sont l'œuvre des sociétés mères ou d'autres sociétés de ces groupes. Je pense aussi aux accords de fabrication conclus par bon nombre de sociétés électroniques, aux termes desquels elles paient des redevances consécutives à des contrats de licence.

**M. Phillips:** Monsieur le président, je demanderai à M. Sutherland de répondre à cette question. Je suis sûr que M. Sutherland peut nous parler des passionnants programmes de recherche poursuivis dans le domaine de l'électronique au Canada.

**M. Gillespie:** J'aimerais auparavant donner le motif de ma question. Notre propos, c'est la santé de notre industrie et vous avez laissé entendre que vous vouliez aborder ce sujet. Votre but, c'est de faire ressortir la part par le Canada dans ce domaine, son originalité, mais vous avez aussi fait état de l'importance des capitaux étrangers. Or, beaucoup d'entre nous s'interrogent sur la compatibilité de ces deux faits. Est-il donc possible de créer quelque chose de vraiment canadien, en dépit de ces capitaux, en dépit aussi de l'importance des contrats de licence qui lient notre industrie?

**M. Phillips:** Monsieur le président, je pense que M. Sutherland peut répondre par «oui» à cette question, si l'occasion lui en est donnée.

**M. Sutherland:** Messieurs, il est vrai que, sur le plan industriel, l'électronique vise à un certain niveau d'excellence. Les activités des différentes sociétés ne font pas double emploi. Ces sociétés ont décidé de suivre leur propre voie pour atteindre ce but.

En ce qui concerne les filiales des compagnies américaines, je peux parler en connaissance de cause. Nous avons signé des contrats et nous sommes entièrement responsables pour la recherche, la fabrication et la mise sur le marché dans ces domaines. Ce sont les domaines que nous avons choisis car ils con-



[Text]

have chosen, because they do lend themselves to Canada's geography particularly—the wide expanses—and I am referring in this case to communications.

This is a charter that has been assigned to the Canadian company by the parent, and we are exploiting it from the most basic research through engineering design development, production and exporting of these goods.

Other Canadian companies, some of which are not subsidiaries of American firms and are independent, are doing very exceptional work in specialized fields, air navigation, simulators for aircraft, training simulators, various advanced weapon systems for defence purposes. This is very original work where it is at the forefront of technology and the equal of any country in the world. I can assure you of this.

• 1810

**The Chairman:** Mr. Trudel.

**Mr. Trudel:** I understand that 25 per cent of the total industry is directed to exports. The tables that have been used were 1963 and 1968, particularly in the progress and the graph that Mr. Gareau mentioned. I have two questions. First, have we had an increase in exports during that period from 1963 and 1968, and second, will this Committee hear a report from the departments concerned as to the further interview that you have suggested, Mr. Chairman?

**Mr. Phillips:** In 1963 exports were \$127 million, compared to \$242 million estimated for 1968. So it is approximately a doubling in that period of time.

**Mr. Trudel:** Thank you, Mr. Phillips.

**Le président:** Merci beaucoup messieurs. Je remercie l'Association canadienne des industries électroniques, pour le mémoire qu'ils ont présenté devant le comité et pour les renseignements supplémentaires fournis aujourd'hui par les représentants de cette Association.

Oui, Monsieur Trudel.

**Mr. Trudel:** I did not get an answer, Mr. Chairman, to the second question. I believe it has to come from the Department. You have suggested that the representatives of the industry should get together with the Department, and I would like to find out if we will hear the results of the interview.

**The Chairman:** Perhaps, Mr. Trudel, if we do not get a comeback from the Association, it will mean that they have the proper infor-

[Interpretation]

viennent mieux à la géographie du Canada, à ses grandes étendues et je pense ici aux communications.

Il s'agit d'une charte accordée aux compagnies canadiennes par la société mère. Cette charte, nous la mettons en œuvre depuis la recherche fondamentale et les études techniques de mise au point jusqu'à la production et l'exportation. D'autres compagnies canadiennes, qui ne sont pas des filiales d'entreprises américaines et qui sont indépendantes, font aussi un travail exceptionnel dans des domaines spécialisés: navigation aérienne, simulateurs pour avions, simulateurs d'entraînement, systèmes d'armes avancés. C'est un travail tout à fait original, où nous sommes à l'avant-garde de la technique, où nous sommes aussi avancés que les autres pays du monde.

**Le président:** Monsieur Trudel.

**M. Trudel:** Si j'ai bien compris, 25 p. 100 de l'industrie sont destinés à l'exportation. Les tableaux en cause concernent 1963 et 1968. Je pense notamment aux états d'avancement et au diagramme dont a parlé M. Gareau. J'ai donc deux questions à poser. D'abord, au cours de la même période, y a-t-il eu une augmentation des exportations? Deuxièmement, les ministères concernés nous feront-ils un rapport sur l'entrevue ultérieure que vous avez proposé, monsieur le président?

**M. Phillips:** En 1963, les exportations représentaient 127 millions de dollars, alors que les estimations pour 1968 étaient de 242 millions de dollars, ce qui signifie que nos exportations ont presque doublé au cours de cette période.

**M. Trudel:** Merci, monsieur Phillips.

**The Chairman:** Thank you very much gentlemen. I would like to thank the Electronic Industries Association of Canada for their brief, submitted to our Committee today, and also for all the additional information that was given here today by the representatives of that Association. Yes, Mr. Trudel.

**M. Trudel:** On n'a pas répondu à ma deuxième question, monsieur le président. Je pense que le ministère devrait répondre. Vous avez suggéré que les représentants de l'industrie devraient se grouper avec le ministère pour étudier la question. Je voudrais savoir si nous en entendrons parler des conclusions de l'entrevue.

**Le président:** Peut-être, monsieur Trudel, si les représentants de l'Association ne viennent plus témoigner devant nous, cela

*[Texte]*

mation. No doubt, Mr. Trudel, the government officials will be back before this Committee, and you may ask that question at that time.

**Mr. Phillips:** Mr. Chairman, could I comment in concluding?

**The Chairman:** Yes, sir.

**Mr. Phillips:** Mr. Chairman and gentlemen, we thank you for this opportunity to present our views on the electronics industry. In summation, the Electronic Industries Association of Canada recommends that the bill on anti-dumping be passed essentially embodying the recommendations of the White Paper, and further we recommend to you that you give careful consideration to ensuring that adequate resources are available for the efficient and aggressive administration of the legislation.

**The Chairman:** Gentlemen, this Committee is adjourned until 8 o'clock tonight, when we will have with us a representative of The Society of the Plastics Industry of Canada.

## EVENING SITTING

Tuesday, November 26, 1968.

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**The Chairman:** Gentlemen, because we may be called by the bell at a quarter to ten o'clock, I think we will begin at once.

Tonight, gentlemen, we have with us representatives of the Society of the Plastics Industry of Canada. On my right is Mr. E. G. Salmond, Manager of the Society of the Plastics Industry of Canada. I will ask him to introduce the other members of the delegation.

**Mr. E. G. Salmond (Manager, Society of the Plastics Industry of Canada):** Thank you, Mr. Clermont. On my right is Mr. E. L. Littlejohn who is Chairman of the Society of the Plastics Industry of Canada; next to him is Mr. Lynn Love who is a Director of the Society of the Plastics Industry and Vice-President of Midland Industries Limited, Midland, Ontario; and on the far right is Mr. John Mitchell who is Traffic Manager of Du Pont of Canada in Montreal.

**The Chairman:** Mr. Salmond, it is the practice in our Committee, due to the fact that

*[Interprétation]*

signifiera-t-il qu'ils auront obtenu les renseignements appropriés quant aux représentants du gouvernement, ils reviendront sans aucun doute, et vous pourrez alors leur poser cette question.

**M. Phillips:** Monsieur le président, pourrais-je faire une dernière remarque?

**Le président:** Oui, monsieur.

**M. Phillips:** Monsieur le président, messieurs, nous vous remercions d'avoir pu présenter notre point de vue sur l'industrie de l'électronique. En résumé, l'Association des industries électroniques du Canada recommande que le bill sur l'antidumping soit adopté en comprenant presque toutes les recommandations du Livre blanc, et en outre, nous vous recommandons de veiller avec soin à faire mettre en œuvre les moyens nécessaires à une application particulièrement efficace de la loi.

**Le président:** Messieurs, la séance est levée jusqu'à 8 heures ce soir. Nous aurons devant nous un représentant de l'industrie des plastiques.

**Le président:** Messieurs, étant donné qu'on va nous convoquer à 10 h. moins le quart, je crois qu'il vaut mieux commencer tout de suite.

Ce soir, messieurs, nous avons le plaisir d'accueillir les représentants de l'Association de l'industrie du plastique du Canada. Voici à la droite, je vous présente M. E. G. Salmond, directeur de l'Association des industries du plastique du Canada, et je vais lui demander de présenter les autres membres de sa délégation.

**M. E. G. Salmond (directeur de l'Association des industries du plastique du Canada):** Je vous remercie, monsieur Clermont. Je vous présente M. E. L. Littlejohn, président de l'Association des industries du plastique du Canada; à ses côtés se trouve M. Lynn Love, directeur de l'Association des industries de plastique du Canada et vice-président de Midland Industries Limited, Midland, Ontario, et à l'extrême droite, M. John Mitchell, «traffic manager», Dumont du Canada, à Montréal.

**Le président:** Monsieur Salmond, il est d'usage dans ce comité, étant donné que les



[Text]

the members of the Committee received your brief earlier, for one of the members of the delegation to present a summary to the Committee before we go on to the question period.

**Mr. Salmond:** Splendid. I would just like to say that we certainly appreciate this opportunity of appearing before the Standing Committee. As you have seen, our brief is very short and there is no point in reading it.

The drafters of new legislation should be complimented on a mighty fine effort. You will notice our comments are alternate suggestions to a relatively few sections which we feel strongly, if they were implemented, would improve the administration of the proposed bill.

The Plastics Industry is a secondary manufacturing industry, a sector for which we hope to provide an increasing number of jobs. Just how the plastics industry is going to fair in the coming period of altered tariff arrangements, remains to be seen.

Since some of the success of the plastics industry depends upon the abilities of other secondary manufacturing industries, such as the electrical goods and appliances field, the electronics industry, the automotive industry, to increase their output and capability.

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Traditionally, even before the Kennedy Round, Canada has been a happy hunting ground for imports of resins and plastics products.

In 1966, for instance, total imports were \$145 million, \$71 million of this were plastics products such as film and sheet, floor and wall covering, plastics end products, containers, etc. and \$74 million in resins.

Do not for a moment think that we are implying this necessarily involved dumped goods. Some of the resins are not made in Canada. In the plastics and resins field you have many products which are slightly dissimilar, but which are competitive with Canadian made products.

We are pointing out the magnitude because of the wide variety of custom entries involving plastics which makes it most important to have good anti-dumping legislation on the books and enforced efficiently.

The Department of Industry made an interesting study of a three-month import period in 1966 of end products which is a worthwhile study that shows the wide variety of the various end products of these imports in the plastics area.

I would like to say, as well, that the Department of National Revenue did an

[Interpretation]

membres du Comité sont déjà saisis de votre mémoire, qu'un membre de la délégation présente un résumé au Comité avant qu'on ne procède à la période des questions.

**M. Salmond:** Très bien. Je tiens simplement à vous dire que nous apprécions cette occasion qui nous est donnée de comparaître devant le Comité permanent. Comme vous l'avez vu, notre mémoire est bien fref et il est donc inutile de vous le lire.

Il y a lieu de féliciter les rédacteurs de ce nouveau projet de loi de leur admirable travail. Comme vous avez pu le constater, nous vous proposons quelques solutions alternatives, fort peu nombreuses, évidemment, dont la mise en vigueur, nous en sommes convaincus, serait de nature à améliorer l'administration de la loi actuelle. L'industrie des plastiques est une industrie secondaire très importante qui emploie un nombre croissant de personnes. Quel sera l'avenir de cette industrie? Cela reste à voir. Son avenir dépend du développement de certaines industries telle que l'industrie des appareils ménagers, de l'automobile, de l'électronique.

Même avant le *Kennedy Round* le Canada était un champ fertile pour les étrangers qui voulaient y exporter des produits dérivés du plastique. En 1966, les importations s'élevaient à 145 millions de dollars, dont 71 millions en produits plastiques comme des films, des recouvrements de murs et de planchers, etc. et 74 millions de dollars de produits en résine. N'allez pas croire que nous affirmons que ces importations impliquent nécessairement le dumping. Certaines résines ne sont pas fabriquées au Canada. Dans le champs des plastiques et des résines, il y a un grand nombre de produits qui sont très peu semblables et qui font concurrence aux produits canadiens. Nous avons fait ressortir cela parce qu'il y a un grand nombre de produits chimiques importés, et qu'il est très important d'obtenir une législation qui protège efficacement nos produits contre le dumping.

Le ministère de l'Industrie a fait une étude très intéressante des produits finis importés. En 1966 on a constaté, pour une période de trois mois, la grande variété des produits plastiques.

Je voudrais dire aussi que le ministère du Revenu national nous a été d'un grand



[Texte]

excellent and effective job for us for our cellular plastics division. Flexible foam producers were being injured through excessive imports of scrap and seconds into the Montreal market from the United States in the winter, spring and summer of 1967.

We requested an investigation in July. The investigations were completed; new regulations drawn up on defining seconds and were in effect by October. Dumped duty is being applied if they are being imported at less than 20 per cent of the prime for pound price which had been established by the Department's appraiser who took on the case. This was really effective co-operation. It is the kind of co-operation we are sure will be forthcoming under the new legislation.

This brings up a further question. What do we do after January 1, 1969? We hope that the new legislation, particularly the Regulations dealing with allowances, would in so far as seconds are concerned be administered substantially the same as is done today under Memorandum D46-14. To do otherwise could expose Canadian manufacturers to intensive competitive pressures.

Circulation of this White Paper and the evidence of the Standing Committee has been a very good thing. I think the press and the people have been more aware of this legislation than anything that has happened in recent years.

We have no further comments to make, but perhaps there are some questions that you would like to ask from our brief. Possibly, Mr. Mitchell, Mr. Littlejohn and Mr. Love might like to supplement it, but if there are any questions we would be glad to entertain them.

**The Chairman:** Would any of the gentlemen you just mentioned like to make comments before the question period, or after?

**Mr. Salmond:** No, we are quite content to wait.

**The Chairman:** I would ask you gentlemen to speak into the microphones to help our technicians. If you wish to speak will you raise your hands to indicate to me that you would like to participate in the discussions.

We also have with us Mr. Rod Grey, Assistant Deputy Minister of Finance and Mr. Hind, Assistant Deputy Minister of National Revenue who, I understand, has a reply to your last question, Mr. Trudel, at this afternoon's session.

**Mr. Hind:** Mr. Chairman, it will be recalled that this afternoon one of the witnesses enquired whether there would be an appeal

[Interprétation]

secours. Les producteurs de caoutchouc-mousse étaient en butte à une concurrence considérable sur le marché de Montréal. Nous avons demandé, en juillet 1967, que l'on fasse enquête sur ce dumping. Cette enquête complétée, on a fait des règlements qui ont été mis en vigueur au mois d'octobre de la même année. Un droit de dumping est appliqué si le prix est de 20 p. 100 inférieur au prix sur le marché du pays exportateur. Le ministère nous a fourni une collaboration très efficace et nous en attendons autant de la nouvelle législation.

Qu'allons-nous faire après le 1<sup>er</sup> janvier 1969? Nous espérons que la nouvelle loi et en particulier les règlements touchant les réductions y afférant en ce qui concerne les produits de seconde qualité, soient appliqués comme ils le sont aujourd'hui. Le contraire exposerait les fabricants canadiens à une pression considérable de la part des concurrents.

La circulation du Livre blanc et les réunions du Comité permanent ont été très efficaces. Je pense que le public en général est plus conscient de l'importance de cette loi que de toute autre depuis quelques années. Nous n'avons pas d'autres observations à faire à ce sujet mais vous aurez peut-être quelques questions à nous poser au sujet de notre mémoire et MM. Mitchell, Littlejohn et Lové et moi-même serons heureux de vous donner des renseignements supplémentaires.

**Le président:** Les personnes qui vous accompagnent ont-elles des commentaires à faire avant que nous commençons la période des questions?

**M. Salmond:** Non, nous sommes tout à fait contents.

**Le président:** Je vous demanderais donc de parler en direction du microphone. Si vous voulez parler, veuillez lever la main, s'il vous plaît, pour indiquer votre intention de participer au débat.

Nous avons parmi nous M. R. Y. Grey, sous-ministre adjoint des Finances et M. Hind, sous-ministre du Revenu national. Celui-ci avait commencé à répondre à votre dernière question, cet après-midi, monsieur Trudel.

**M. Hind:** Monsieur le président, on se souviendra que, cet après-midi l'un des témoins avait demandé s'il y aurait possibilité d'appel

[Text]

in the case where the Deputy Minister, after looking at a case, came to the conclusion that no dumping was involved. You will remember that there was an exchange between the witness and officers of the Departments of Finance and National Revenue and you, I think quite properly, suggested that we might get together and discuss the matter later on and report back to the Committee subsequently.

We did have a chance to talk to the gentleman concerned. We were able to confirm that the information which we gave him at the time was the correct information. He is now satisfied and he asked that the Committee be so informed.

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**The Chairman:** Is that satisfactory, Mr. Trudel?

**Mr. Trudel:** Yes, thank you, Mr. Chairman.

**The Chairman:** Gentlemen, you will have noticed that the submission or brief is divided into separate paragraphs dealing with various clauses of the White Paper. I will begin with the paragraph which deals with clause 5 of the White Paper dealing with the liability for anti-dumping. Are there any questions on this?

**M. Émard:** Avant de passer aux questions qui s'appliquent aux différents articles du projet de loi, j'aimerais avoir certains renseignements sur l'industrie du plastique. Puis-je poser mes questions tout de suite?

**Le président:** Des questions générales, monsieur Émard?

**M. Émard:** Oui, des questions générales.

**Le président:** Oui, monsieur Émard.

**M. Émard:** Monsieur Salmond, combien d'employés travaillent dans l'industrie du plastique au Canada?

**Mr. Salmond:** There are approximately 25,000 in the plastics industry.

**Mr. Émard:** Parmi ces employés, combien travaillent dans la production et combien travaillent dans les résines? C'est la distinction que vous avez faite tout à l'heure, je crois.

**Mr. Salmond:** The larger proportion are working in production in the processing end of the business, in the fabricating end of the business. It would be difficult to give an exact estimate on it and this would have to be corroborated, but it might be 4 to 1. That may be high from the processing standpoint.

[Interpretation]

dans le cas où le sous-ministre, après avoir étudié un cas, en viendrait à la conclusion qu'il n'y avait pas de dumping en cause. Vous vous souviendrez qu'il y avait eu un échange de remarques entre le témoin et les fonctionnaires des ministères des Finances et du Revenu national, et vous nous avez proposé, avec raison, de nous réunir et de discuter de cette question plus tard et faire rapport au Comité.

Nous avons eu l'occasion de parler aux personnes intéressées. Nous avons pu confirmer que les renseignements donnés à ce moment-là étaient exacts et maintenant cette personne est satisfaite et a demandé que l'on en informe le Comité.

**Le président:** Êtes-vous satisfait, monsieur Trudel?

**M. Trudel:** Oui, monsieur le président.

**Le président:** Messieurs, nous remarquons que le mémoire est divisé en paragraphes traitant de certains articles du Livre blanc. Commençons par le premier paragraphe, traitant de l'article (5) du Livre blanc, au sujet de la responsabilité de l'antidumping.

**Mr. Émard:** Mr. Chairman, before beginning with questions which deal with the various sections of the bill I would like some information regarding the plastics industry. May I ask those questions right now.

**The Chairman:** Are they general questions, Mr. Émard?

**Mr. Émard:** Yes, general questions.

**The Chairman:** Yes, Mr. Émard.

**Mr. Émard:** Yes. Mr. Salmond, could you begin with questions which deal with the variety in Canada?

**M. Salmond:** 25,000 environ dans l'industrie du plastique.

**Mr. Émard:** Among these employees could you tell me how many are working in production and how many in resins? I think this is the distinction you made just now.

**M. Salmond:** La plus grande partie des employés travaillent à la production et à la transformation, à la fabrication. Il serait difficile de donner des chiffres exacts; il faudrait nous en assurer mais je pense que la proportion est de 4 pour 1.



[Texte]

**M. Émard:** Mais je n'ai pas très bien compris ce que vous avez dit tout à l'heure. Vous avez dit, je crois, que vous importiez pour une valeur de 145 millions de dollars par année. En quelle année était-ce? Je n'ai pas remarqué à quelle date vous avez importé pour 145 millions de dollars, dont environ 74 millions de produits et 71 millions de résine.

**Mr. Salmond:** That was a figure of 1966. These figures were produced for us by the Department of Industry at that time in 1966.

**M. Émard:** L'industrie du plastique existe-t-elle depuis longtemps au Canada?

**Mr. Salmond:** The big growth has been since World War II, but actually the plastics industry in this country from the fabrication standpoint—the first plant was started in 1903 in Quebec Province which is the Dominion Comb and Novelty Company, the present company. Then in 1908 there was another company started. This year, interestingly enough, the plastics industry in North America is celebrating its one hundredth anniversary because in October 1868 John Westley Hyatt hit upon the idea of celluloid which was developed to replace ivory tusks for billiard balls.

**M. Émard:** La fabrication des articles en plastique requiert-elle un fort pourcentage de travail manuel?

**Mr. Salmond:** Yes, the labour content in the fabricating end of the business is higher than in the chemical industry—in the resin business, but that is gradually changing, too, because there is more sophisticated and automated equipment coming in the processing industry and this is having an effect on total employment, as well.

**M. Émard:** Comment se fait-il que les salaires dans la fabrication du plastique soient si peu élevés?

**Mr. Salmond:** Possibly one of the reasons is this factor here of the problem of the import situation. I do not know.

**M. Émard:** Justement dans votre mémoire vous ne mentionnez pas si vous avez été affectés par l'importation.

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**Mr. Salmond:** As I mentioned in the introduction, there are considerable imports coming in all the time, year after year, and are occurring at this particular time, as well. Actually the per capita consumption of plastics in Canada is not as high as the United States, as an example. In other words, our

[Interprétation]

**Mr. Émard:** I did not very well understand what you said a moment ago. I think you said that you imported 145,000,000 a year. Was this last year or was it a long time ago? I did not know what date you said you had imported \$145,000,000 worth of which \$74 million were products 71 million dollars worth of resins.

**M. Salmond:** Ce sont les statistiques pour l'année 1966. Ces chiffres nous ont été donnés par le ministère de l'Industrie.

**Mr. Émard:** Has the plastics industry been in operation for a long time in Canada?

**M. Salmond:** Surtout depuis la Deuxième guerre mondiale, mais, en fait, la première usine de fabrication a été établie en 1903 dans la province de Québec, la *Dominion Coleman Novelty Company*. En 1908, une autre compagnie fut fondée. Il est intéressant de noter que cette année, l'industrie des plastiques d'Amérique du Nord fête son centième anniversaire parce qu'en octobre 1868 John Westley Hyatt a inventé le celluloid qui devait remplacer l'ivoire des défenses d'éléphants pour les balles de billard.

**Mr. Emard:** Is the labour content a high factor in plastic articles?

**M. Salmond:** Oui, le pourcentage de travail manuel dans les produits manufacturés est plus élevé dans l'industrie des résines que dans l'industrie chimique, mais la situation change là aussi, très rapidement, à cause de l'automation. Cette évolution affecte aussi l'emploi.

**Mr. Émard:** How is it that salaries in the plastics manufacturing industry are so low?

**M. Salmond:** Une des raisons est peut-être le problème de l'importation. Je ne sais pas.

**Mr. Émard:** In your brief you do not mention if you have been affected by imports.

**M. Salmond:** Comme je l'ai mentionné dans le préambule, il y a beaucoup d'importations qui entrent au Canada, et de plus en plus chaque année. De fait, au Canada la consommation par personne d'articles de plastique n'est pas aussi élevée qu'aux États-Unis, par exemple. En d'autres termes, nous n'utilisons



[Text]

input and our utilization of plastics is not as high.

If you take the figure of \$750 million plastics industry and you have about \$140 million worth of materials and products coming in, that is a pretty sizeable import picture.

**M. Émard:** L'importation des produits en plastique fabriqués est-elle très élevée?

**Mr. Salmond:** Yes, there are. There is this sheet which we would be very glad to leave as an exhibit with you. As an example, in 1966 there were some \$28,650,000 worth in film and sheet; plastic shapes and forms, \$23,984,000; plastic wall and floor covering \$5,805,000; tableware plastics, \$1,134,000; shipping containers of plastic, \$4,478,000. This is the type of thing. Does that answer your question?

**M. Émard:** Pouvez-vous vous procurer les matières premières au Canada ou devez-vous les importer?

**Mr. Salmond:** A good percentage of the raw material is manufactured in Canada, but there are certain resins and certain types that for economic reasons are not manufactured in this country.

**Le président:** Avez-vous fini, monsieur Émard?

**M. Trudel:** Monsieur le président, quels sont les autres principaux clients des manufacturiers d'objets de plastique au Canada.

**Mr. Salmond:** That is quite a broad question. I mentioned in the introduction the electrical and appliance field as an example. I mentioned the electronics field; I mentioned the automotive industry. You can mention the radio and television industry. You can mention any number of industrial applications for plastics in what we know as the custom molding sector which covers a very broad spectrum of practically every type of manufacturing in Canada.

In addition to that, of course, there is a very large volume of business in packaging. There is a very large business in the houseware lines—toys, housewares, plastic garbage pails and items of this description.

Another very large use of plastics is the construction industry for flooring, for wall coverings, for leaders on stair railings and so on. As a matter of fact, it is very, very difficult to define in great detail the market-place for plastics.

**M. Émard:** J'aurais une question supplémentaire, monsieur le président.

[Interpretation]

pas autant de plastique aux États-Unis. Comparez le chiffre de 750 millions de dollars que produit notre industrie du plastique, à une importation de 140 millions de dollars de produits qui entrent au Canada et vous avez une bonne idée de la situation.

**Mr. Émard:** Are imports high in manufactured plastic articles? Are there a lot of imports?

**M. Salmond:** Oui; et voici un tableau que nous serions heureux de vous communiquer comme exemple. En 1966, \$28,650,000 de films et de feuilles; couvertures de murs et de planchers, au-delà de 5 millions; des formes pour \$23,984,000; de la vaisselle pour \$1,134,000. Des contenants de plastique, au-delà de 4 millions de dollars. Est-ce que cela répond à votre question?

**Mr. Émard:** Can you get raw material in Canada or do you have to import them?

**M. Salmond:** Une bonne partie de la matière première est fabriquée au Canada mais certaines résines ne le sont pas pour des raisons économiques.

**The Chairman:** Have you finished, Mr. Émard?

**Mr. Trudel:** I would like to know what other industry is the main customer of plastic manufacture in Canada?

**M. Salmond:** C'est une question d'ordre assez général. J'ai mentionné dans le préambule le domaine électrique et celui des appareils ménagers. J'ai mentionné le domaine électronique. J'ai mentionné aussi l'industrie de l'automobile. On pourrait mentionner la radio et la télévision, et toutes sortes d'applications, comme les moules, utilisés pour toute une gamme d'articles fabriqués au Canada et en plus, bien sûr, une grande quantité de contenants. Les articles ménagers et les jouets, les poubelles à déchets et autres articles. Une autre industrie qui utilise beaucoup de plastique, c'est l'industrie de la construction pour la couverture des murs, et des planchers, des escaliers. Le marché des produits du plastique est très difficile à cerner.

**Mr. Émard:** Mr. Chairman, I have a supplementary question.

[Texte]

**Le président:** Monsieur Émard.

**Mr. Émard:** Je voudrais savoir, monsieur Salmond, si les machines qui servent à cuire le plastique et à fabriquer les différentes pièces en plastique, sont fabriquées au Canada ou si vous êtes obligés de les importer aussi. Je sais qu'il y avait une manufacture de plastiques dans mon comté et que les machines étaient très compliquées. Je voudrais savoir si on les fabrique ici ou bien, si on doit les importer.

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**Mr. Salmond:** Sitting next to you, is Mr. Danson, who could very well answer this question better than I could.

**The Chairman:** But he is a member of the Committee.

**Mr. Salmond:** I realize that. There are manufacturers of plastics machinery in Canada, about seven, or eight, or nine of them, but for the largest part, most of this equipment is imported from out of the country. This comes in from Italy, from Germany and from the United States, which is a very large source for supply of plastics machinery. As I said, we have injection moulding machines; we have blow moulding machines; we have some hydraulic press equipment manufactured in Canada; we also have what is known as granulators, auxiliary equipment and extruders manufactured in Canada.

I should have brought along a copy of our story of the plastics industry which for the layman very succinctly describes the processing of plastics and the various types of equipment used in it. I neglected to do so, but I will be very glad to send this along to the Committee.

**Mr. Hales:** I wonder if the witness could tell the Committee some of the economic factors that are prohibiting the plastic industry in Canada from exporting more than they do. Is the United States market fairly easily accessible?

**Mr. Salmond:** Could I ask Mr. Love to answer that question?

**The Chairman:** Mr. Love, please.

**Mr. Love:** I will speak on behalf of the custom moulders and the proprietary moulders.

We find in trying to sell into the American market that the tariff duties are very complex because of the classification by material and by kind and also the addition of the cost of tooling which is taken into consideration when

[Interprétation]

**The Chairman:** Mr. Émard.

**Mr. Émard:** Mr. Salmond, I would like to know whether the machinery which is used to cook the plastic and manufacture the various parts in plastic are manufactured in Canada or whether you have to import them also. I know that there was a plastic factory in my riding and the machinery was very sophisticated. I would like to know if they are manufactured in Canada or must they be imported?

**Mr. Salmond:** Monsieur Danson pourrait très bien répondre à cette question.

**Le président:** C'est un membre du Comité.

**Mr. Salmond:** Je sais. Mais, il y a sept ou huit usines qui fabriquent des machines pour le plastique au Canada. Mais la plupart de cet équipement est importé d'autres pays. Il nous vient de l'Italie, de l'Allemagne et des États-Unis qui fournissent beaucoup de ces machines. Nous avons des machines à mouler et à souffler, et des machines à pression hydraulique qui sont fabriquées au Canada. Nous avons aussi des granulateurs et des presses de refouillage qui sont fabriqués au Canada.

J'aurais dû apporter avec moi un exemplaire de l'histoire de l'industrie du plastique qui décrit très bien la transformation et la fabrication du plastique. Je m'excuse de ne pas l'avoir fait. Je serais très heureux de vous en faire parvenir un exemplaire.

**Mr. Hales:** Je me demandais si le témoin pourrait dire au Comité quels sont les facteurs économiques qui empêchent l'industrie du plastique d'exporter plus de leurs produits. Est-ce que le marché américain est assez accessible?

**Mr. Salmond:** J'aimerais demander à monsieur Love de répondre à cette question.

**Le président:** Monsieur Love.

**Mr. Love:** Je parle de la part des mouleurs. Nous constatons que, lorsque nous essayons de vendre des produits aux États-Unis, les droits de douane sont très compliqués, à cause de la classification par matériaux et par catégories et de l'addition du coût des instruments qui est très important. À part l'industrie de l'automobile où nous avons un accord,



[Text]

they assess the duty rate or fair market value.

So we find that other than in the automotive industry where we have had the Automotive Trade Agreement, it is virtually impossible to export any large amount of finished moulded products or parts that will be sub-assembled into such things as the appliance industry. Where we do have the Automotive Agreement and, therefore, do not have tariff barriers, there is a hard psychological fact to overcome, to break into the market just because of their policies in the past and they have not traditionally imported a lot of goods. However, it can be done once the tariffs have been removed.

**Mr. Hales:** In this connection, do you have the advantage of the evaluation of the dollar, the eight per cent more or less and a labour cost here that should be perhaps a little lower? Would these two factors not be a good advantage to you?

**Mr. Love:** Yes, undoubtedly it helps. If you can obtain sufficient volume to equalize semi-automated production and automated production to compete with the United States moulders, then that does become a factor.

**Mr. Hales:** If you get an American order you have the volume.

**Mr. Love:** Yes, but the first one is very difficult, naturally.

**Mr. Trudel:** Mr. Salmond, I believe on the imports you mentioned \$145 million, I understand. Are they mostly finished products?

**Mr. Salmond:** No, of that total some \$71 million approximately were finished products and/or processed products and \$74 million were resins and chemicals.

**Mr. Trudel:** Chemicals.

**Mr. Salmond:** About half and half.

**Mr. Trudel:** Now, I have one more question. What country constitutes the bulk of this export to Canada?

**Mr. Salmond:** The large majority would be the United States.

**Mr. Trudel:** This question would refer to the question of Mr. Hales put to you before. Would our exports, or your exports rather, be more substantial than the imports?

**Mr. Salmond:** No. I cannot answer that question directly at this moment.

Perhaps Mr. Mitchell might be able to answer that question because the large

[Interpretation]

il est à peu près impossible d'exporter de grandes quantités de produits finis ou de pièces qui peuvent être rassemblées. Là où nous avons un accord pour les pièces d'automobiles, il y a un fait psychologique très important à surmonter. A cause de leurs politiques passées, on n'a pas importé beaucoup de marchandises.

**M. Hales:** A cet égard, il y a l'évaluation du dollar qui est coté à 92 cents au dollar américain et la main d'œuvre aussi qui coûte un peu moins chère. Est-ce que ce sont des avantages?

**M. Love:** Oui, cela nous aide. Si on peut obtenir un volume suffisant pour égaliser la production semi-automatisée et tout à fait automatisée pour concurrencer les États-Unis, c'est un facteur.

**M. Hales:** Si on reçoit des commandes américaines, on a la quantité nécessaire bien sûr.

**M. Love:** Il est difficile de les obtenir.

**M. Trudel:** Monsieur Salmond, au sujet des importations, vous avez parlé de \$145 millions. S'agit-il de produits finis?

**M. Salmond:** De ce total, \$71 millions représentent des produits finis. Les autres \$74 millions représentent des résines et des produits chimiques.

**M. Trudel:** Des produits chimiques.

**M. Salmond:** A peu près la moitié.

**M. Trudel:** Une autre question, s'il vous plaît. Quels pays exportent principalement au Canada?

**M. Salmond:** Ce sont les États-Unis en grande partie.

**M. Trudel:** Je voudrais revenir à la question de M. Hales. Vos exportations sont-elles plus importantes que vos importations?

**M. Salmond:** Je ne peux pas maintenant répondre directement à cette question. M. Mitchell pourrait peut-être répondre, car c'est lui qui s'occupe des résines.



[Texte]

export is in some resin work, and so on. Would you be able to answer that?

**Mr. John Mitchell (Du Pont of Canada Limited, Montreal):** No, I do not think I have any figures that I can talk about.

**The Chairman:** The last remark was made by Mr. John Mitchell. Are you through Mr. Trudel?

**Mr. Trudel:** Yes.

**The Chairman:** I have on my list Mr. Danson, followed by Mr. Downey.

**Mr. Danson:** Mr. Chairman, I would like to ask Mr. Salmond is dumping a major problem in the industry at the present time, and if so, in any specific areas? Is this a matter of major concern for you?

**Mr. Salmond:** Well, it is awfully difficult to really define what the dumping is. And because of the very wide complexity of the number of items that are coming in, it is very difficult to actually tell accurately whether there is dumping involved. Now, I think probably Mr. Mitchell might have something to say about that so far as the resin business is concerned. We have touched on one point. We mentioned the problem of the scrap business and the seconds business in the industry.

**Mr. Mitchell:** Dumping in certain resins for instance in polyethylene resins has been a recurring problem from time to time. At least we have felt it has been dumping because there have been resins appearing on the marketplace here at prices that we could not reconcile with what we understood were market prices in the United States, primarily. This has been an off and on situation so far as the polyethylene resin with which I am familiar is concerned.

**Mr. Danson:** Have there been any test cases on this?

**Mr. Mitchell:** Oh, at different times we have drawn situations with varying degrees of success to the attention of the Department of National Revenue.

**Mr. Danson:** Have these been handled to your satisfaction?

**Mr. Mitchell:** Some of them, yes and some of them, no.

**Mr. Danson:** May I ask Mr. Love a question as a supplementary to my previous one. Do you find dumping a problem Mr. Love, in so far as your proprietary products are concerned or your custom moulded or extruded products?

[Interprétation]

**M. Mitchell (DuPont Co. of Canada Ltd., Montréal):** Non, je n'ai pas de chiffres à vous citer.

**Le président:** La dernière remarque a été faite par M. John Mitchell. Avez-vous terminé monsieur Trudel?

**M. Trudel:** Oui.

**Le président:** Monsieur Danson, puis monsieur Downey.

**M. Danson:** Monsieur le président, je voudrais demander à M. Salmond si le dumping est un grand problème de l'industrie à l'heure actuelle, et dans quels domaines précis. Est-ce que cela vous préoccupe beaucoup?

**M. Salmond:** Il est difficile de définir le dumping vraiment. Il y a un grand nombre d'articles qui sont importés et il est difficile de dire de façon exacte s'il s'agit de dumping. M. Mitchell aurait peut-être quelque chose à ajouter.

**M. Mitchell:** Le dumping, pour certaines résines polyéthylènes, est un problème qui revient à la surface de temps en temps. Nous avons pensé qu'il y avait du dumping, car il y a des résines vendues sur le marché à des prix qui ne correspondent pas aux prix du marché américain, principalement. Cela se reproduit à l'occasion pour la résine de polyéthylène.

**M. Danson:** A-t-on fait des enquêtes?

**M. Mitchell:** Oui. Nous avons parfois réussi et nous avons attiré l'attention du ministère du Revenu national.

**M. Danson:** Êtes-vous satisfait des résultats?

**M. Mitchell:** Parfois oui, parfois non.

**M. Danson:** Je voudrais poser une autre question. Monsieur Love, est-ce que le dumping est un problème pour certains de vos produits?

[Text]

**Mr. Love:** I do not think we can say that dumping is a major problem. It is more one of scale, of the economics of the size of tooling and the size of the machines in the United States. We cannot claim it as true dumping.

**Mr. Danson:** Mr. Salmond, you mentioned seconds. Were you referring to seconds in finished products or in off-grade materials?

**Mr. Salmond:** Well, this particular reference that we were talking about was with regard to cellular plastics foam materials in the urethane area. This is an area that has caused a good deal of concern.

This is one specific case which I am aware of which was very efficiently dealt with by the Department of National Revenue. I brought up the point in my introduction that we were wondering what the situation might be after January 1, in this regard. I think, again, Mr. Mitchell could speak more to this. This has been a major problem in so far as the plastics resin industry is concerned. Maybe Mr. Mitchell would like to augment my comments on that.

**Mr. Mitchell:** Mr. Chairman, I would think that the plastics industry might very well be gravely concerned about the possible future impact of seconds coming into the Canadian market. As Mr. Salmond has said, today, considering fair market values in the memorandum which he gave reference to, seconds can be entered at 20 per cent below their prime price regardless of what they might be selling for in the United States, or elsewhere for that matter.

#### • 2040

For a product that had a prime value of \$1, the value of seconds under today's regulations would be 80 cents. If the material is imported at less than 80 cents and it is of a class of or kind made in Canada, it would be subject to dump. In the future, as I read the new anti-dumping regulations, I have grave concern that these seconds could come in at something a good deal better than this theoretical 80 cents, particular if they are sold in the country of export say, at 70 cents. This might very well be interpreted to be the normal value for dumping duty purposes. This would represent grave inroads to the Canadian resin industry.

Another of seconds that causes the primary producers in Canada concern is that in the resin industry many second, or off-grade resins at the resin level are capable of going into end products, and at that point of time competing with products produced from primary resin.

[Interpretation]

**M. Love:** Je ne pense pas qu'on puisse dire que le dumping est le problème principal. Cela dépend plutôt de l'économie et de la machinerie des États-Unis.

**M. Danson:** Monsieur Salmond, vous avez parlé de produits de deuxième qualité. Est-ce pour les produits finis ou pour les matériaux inférieurs?

**M. Salmond:** On a parlé des plastiques cellulaires dans le domaine de l'uréthane. C'est un domaine qui nous a beaucoup intéressés. Je suis au courant de ce cas particulier. Le ministère du Revenu national s'est bien acquitté de ses fonctions cette fois-là. On se demande quelle sera la situation après le premier janvier. M. Mitchell pourrait en parler. C'est un problème important, dans le cas de l'industrie de la résine. M. Mitchell pourrait sûrement ajouter autres choses.

**M. Mitchell:** Monsieur le président, je pense que l'industrie des plastiques peut très bien se préoccuper de l'avenir de produits de seconde qualité introduits sur le marché canadien. Comme M. Salmond l'a dit, aujourd'hui, si nous considérons la juste valeur du marché, les produits de deuxième qualité peuvent être introduits à 20 p. 100 de moins que le prix normal, quel que soit le prix auquel ils sont vendus aux États-Unis, ou ailleurs.

Alors, si un produit, par exemple, vaut \$1, les produits de seconde qualité seront marqués à 89c. Si les matériaux sont importés pour moins de 80c. et s'ils sont fabriqués ici, il s'agirait donc de dumping. À l'avenir, si je comprends bien les nouveaux règlements sur l'antidumping, je pense que les produits de seconde qualité pourraient être introduits ici à un autre prix que 80c. surtout si on les vend dans les pays d'exportation à 70c. Ce sera peut-être la valeur normale en ce qui concerne les droits de dumping. Cela nuirait énormément à l'industrie de la résine au Canada.

Il y a aussi un autre aspect qui intéresse les producteurs d'ici. L'industrie de la résine a des résines d'une qualité moindre. Ces résines peuvent faire partie de produits finis qui seront en concurrence avec des produits composés de résines de meilleure qualité. De plus, les résines de seconde qualité ne sont pas



*[Texte]*

In addition to that, off-grade resin, of course as you can well imagine, is not something that a manufacturer sets out to produce. He produces it by accident and this attempt always is to reduce the amount of second resin that he has on hand.

This means that there is only from time to time a modest market or availability of seconds on the Canadian market. Where a consumer is trying to keep his costs down he may very well look for the use of second resin to produce his end product, and look abroad for it to the extent that the Canadian market cannot supply him with it.

The American market of course being so large by comparison to the Canadian market, there is probably a greater amount of second material available, to the extent that the American producer or other foreign producer places this on his home market; under the new conditions there will be a value for it.

On the other hand it is not uncommon for a foreign producer who has a large column of off-grade or second material to export it and get it out of his home market. If he puts it on his home market this tends to depress the price of his own primary product, and this he does not want to do. I do not know if that answers your question, Mr. Danson.

**Mr. Danson:** Yes, partially. I was going to ask further about the matter of detection of these off-grade materials. Are they easy to detect or could a producer with an oversupply actually sell first grade materials as seconds and get away with it, and have it come in this way?

**Mr. Mitchell:** I personally think this has been done; this is very difficult to detect. There are, of course, certain occasions where, say, scrap and waste comes in that is obviously not first quality material. It looks like scrap or waste or junk or seconds. But there is a market area where seconds can come in that certainly visually, from an appraiser's point of view, almost defies detection as to whether they are seconds or not.

The appraiser, I expect, would have to rely on the information that the importer shows on his customs invoices, if he does this, to identify this product as second and say in what manner it is second—if he does what he is supposed to do.

**Mr. Danson:** I heard Mr. Love's remarks of the Canada-United States Automotive Products Agreement. Is this a general impression in the industry? Has there been a net effect of the Automotive Agreement on the plastics industry in Canada? Has it been beneficial or otherwise?

*[Interprétation]*

fabriquées. Ce n'est qu'un accident. On essaie toujours de réduire la quantité de résines de seconde qualité.

Cela veut donc dire qu'à l'occasion, il y a un marché limité pour les matières de seconde qualité au Canada. Lorsque le consommateur veut garder un coût peu élevé, il cherchera des résines de seconde qualité pour la fabrication des produits finis.

Le marché américain est si important, si on le compare au marché canadien, qu'il y a probablement plus de matériaux de deuxième qualité là-bas qu'ici. Car les producteurs américains ou d'autres producteurs étrangers les vendent sur le marché national, selon de nouvelles conditions. Il y aura des demandes. D'autre part, il arrive souvent que les producteurs étrangers, qui ont de grandes quantités de marchandises de seconde qualité, essaient de les exporter pour s'en débarrasser. Car, sur le marché national, cela diminue le prix de leurs produits de première qualité. Je ne sais pas si cela répond à votre question.

**M. Danson:** Oui. Je voudrais ajouter autre chose. J'ai parlé de la détection de ces matériaux de deuxième qualité. Est-il facile de les trouver ou est-ce qu'un producteur, avec un excédent de marchandises, peut s'en tirer si facilement?

**M. Mitchell:** Personnellement, je pense que cela a été fait. Il est très difficile de le détecter. A certaines occasions, il y a du gaspillage et il est évident que ce ne sont pas des matières de première qualité. En fait, cela, c'est de la camelote et il y a un marché, certains débouchés où les produits de seconde qualité peuvent être écoulés.

Quant à la détection, pour savoir si c'est de première ou deuxième qualité, je pense que les évaluateurs doivent se fier à ce qui est écrit sur les bons de commande des importateurs. Alors, ensuite, il faut expliquer pourquoi le produit est de seconde qualité.

**M. Danson:** M. Love a parlé de l'accord Canada-États-Unis sur les produits automobiles. Est-ce l'impression générale dans l'industrie? Cela a-t-il eu une influence sur l'industrie des plastiques au Canada? Est-ce que ce fut avantageux ou autrement?



[Text]

• 2045

**Mr. Love:** Again, I can only speak as a molder and not as a resin producer. I would say that molders are now, after this length of time, just starting to gain effect.

It took us 13 months to get our first order after the Canadian pact, with a full-time man in Detroit doing nothing but looking for orders. We now have approval of all three automotive manufacturers, so I would say that now there is a beneficial effect.

**Mr. Danson:** Thank you. This is my final question. What is your principal concern with the proposed anti-dumping legislation, Mr. Salmond?

**Mr. Salmond:** I think our principal concern, as we have tried to set out in our brief, is just with its administration. If the Bill is passed with some minor changes, as we have suggested, we feel that this legislation would be equally as effective as, and probably better than what we have at the present time.

**Mr. Danson:** Thank you very much.

**Mr. E. L. Littlejohn (Union Carbide (Canada) Ltd., The Society of the Plastics Industry of Canada):** May I add to what Mr. Salmond has said? We suggest that it could be a great deal more difficult to determine material injury or threat of material injury in a growth industry such as the plastics industry to specific products or product groups.

For this reason we believe that the Tribunal has the key role to play in the effective administration of this legislation. Therefore, I can only add emphasis to our industry brief relative to clause 21 where we state that members of the Tribunal should have "extensive business experience and a reputation for... sound judgment".

**Mr. Danson:** Thank you very much.

**Mr. Downey:** I have just two questions, Mr. Chairman. I would like to ask the witnesses what country they consider their main competition to be in, and do they feel that the industry in Canada is in a reasonably competitive position?

**Mr. Salmond:** Across the board, so far as the whole plastics industry is concerned, I would say that the United States is the major competition. There will undoubtedly be Japan and West Germany, but the big competitor is mainly the United States.

[Interpretation]

**M. Love:** Encore une fois, je ne peux parler qu'en ma qualité de mouleur et non comme un producteur de résine. Je dirai qu'après tout ce temps, les mouleurs ne font que commencer à en profiter. Nous avons attendu 13 mois après l'accord canadien pour recevoir notre première commande, et tout ce temps, nous avions un homme à Détroit, dont le travail ne consistait qu'à chercher à obtenir des commandes. Et d'accord des trois fabricants d'automobiles, nous estimons que l'accord a des avantages pour nous.

**M. Danson:** Une dernière question: qu'est-ce qui vous préoccupe le plus dans la Loi sur l'antidumping, monsieur Salmond?

**M. Salmond:** Notre principale préoccupation, comme nous avons essayé de le dire dans le mémoire, concerne l'administration, l'application. Nous avons fait quelques suggestions pour apporter des changements au projet de loi, mais nous pensons que la nouvelle loi sera préférable à celle que nous avons maintenant.

**M. Danson:** Merci.

**M. Littlejohn (Union Carbide (Canada) Ltd., The Society of the Plastics Industry of Canada):** Je voudrais ajouter quelque chose à ce que M. Salmond a dit. Nous pensons qu'il serait beaucoup plus difficile de déterminer le dommage matériel ou la menace de dommage dans une industrie comme celle du plastique, à des produits spécifiques ou des groupes de produits.

Pour cette raison, nous pensons que le tribunal a un rôle clé à jouer pour l'application efficace de la nouvelle loi. En conséquence, j'insiste donc sur l'importance de l'article 21 de notre mémoire, où nous disons que les membres du tribunal devront posséder une très vaste expérience des affaires et un jugement sain.

**M. Danson:** Merci beaucoup.

**M. Downey:** Je n'ai que deux questions, monsieur le président. Je voudrais demander aux témoins quel est le pays, à leur avis, qui est le principal concurrent? Pense-t-il que l'industrie canadienne est en mesure de concurrencer les industries étrangères?

**M. Salmond:** De façon générale, pour ce qui est de l'industrie des plastiques, je dirais que le principal concurrent est les États-Unis. Sans aucun doute, il y a aussi le Japon et l'Allemagne de l'Ouest. Mais, le premier concurrent est les États-Unis.

[Texte]

**Mr. Downey:** Is Japan's production of any significance to you now?

**Mr. Salmond:** It is the third largest resin producer in the world. I do not think, at the present time, it is a very major factor in the Canadian market; certainly I do not think it is a factor as far as the processed plastics are concerned. There is some acrylic sheet coming in, I understand, but I do not think it is a very large factor at the present time.

**Mr. Downey:** How do you feel about your over-all competitive position, say, in a world that you could visualize free trade in?

**Mr. Salmond:** Well, that is a very good question. It depends upon so many different factors. I sometimes wonder, if we had free trade in the plastics industry in this country and the United States, how long we would have resin manufacturing concerns in this country, and to what extent, and how different the set up would be in the processing end of the business.

• 2050

We are going through a very interesting period at the present time. The resin manufacturer and producer in Canada is gearing his plant to the economy of the Canadian market with 20 million people, with some export involvement in mind, but mostly he would not set up a plant in Canada unless the plastics processing industry had a good future in this country. We are competing head-on with very large operations in the Gulf Coast and down in Galveston, Texas and so on.

I tried to point out in the introduction that so much depends upon what is going to happen, as an example, in the refrigeration market over here. The refrigerator manufacturers are a good customer of the plastics industry. If in five or six or ten years from now, we have two or three fewer refrigerator manufacturers in this country, then the custom molders like Mr. Love's company, and other companies are going to have to look somewhere else to do their business.

**The Chairman:** Yes, but that is a very hypothetical question of free trade.

**Mr. Salmond:** Yes, but the question was asked by Mr. Downey.

**Mr. Downey:** Thank you.

**The Chairman:** I see Mr. Gray and then Mr. Hales. Mr. Gray, Mr. G-r-a-y.

**Mr. Gray:** Yes, the one who knows less about the subject matter than the other Mr. Grey. Mr. Chairman, I was going to ask a question then make a suggestion.

[Interprétation]

**M. Downey:** Pensez-vous que la production du Japon a de l'importance pour vous?

**M. Salmond:** C'est le troisième plus grand producteur de résine au monde. A l'heure actuelle, je ne pense pas que cela ait autant d'importance sur le marché canadien, mais cela a beaucoup d'importance pour certaines variétés de plastiques. Il y a des arrivages de feuilles traitées à l'acide acrylique, toutefois, ce n'est pas un élément-clé maintenant.

**M. Downey:** Alors, quelle est votre position, face à cette concurrence dans un monde où on peut envisager le libre-échange?

**M. Salmond:** C'est une excellente question. Cela dépend de tant de facteurs différents. Parfois je me demande, si nous avions le libre échange dans l'industrie des plastiques, ici et aux États-Unis, je voudrais savoir combien de temps nous aurions des intérêts dans la production de la résine, dans quelle mesure et aussi, comment cela modifierait notre industrie?

C'est une période très intéressante pour nous, à l'heure actuelle. Qu'on la regarde, par exemple, dans l'optique de l'industrie des résines au Canada, nous avons un marché de 20 millions d'habitants ici. Il y a aussi certaines possibilités d'exportation, mais il n'y aura pas de nouvelles usines au Canada s'il n'y a pas un bon avenir pour les plastiques ici. Nous avons des concurrents très forts au Texas, entre autres, et nous avons essayé de dire dans notre introduction, que beaucoup de choses dépendent des nouveaux procédés de réfrigération. Les fabricants de réfrigérateurs sont des bons clients de l'industrie du plastique. Si dans cinq ou six ans, ou dans dix ans même, nous avons deux ou trois fabricants de réfrigérateurs en moins, ici, il faudra chercher ailleurs.

**Le président:** Mais, c'est une hypothèse, n'est-ce pas?

**M. Salmond:** Oui, mais M. Downey a posé la question.

**M. Downey:** Merci beaucoup.

**Le président:** Je donne d'abord la parole à M. Gray, ensuite M. Hales. M. Gray «G-r-a-y».

**M. Gray:** Oui, celui qui en connaît moins sur le sujet que l'autre M. Grey. Monsieur le président, je voulais poser une question et faire une suggestion.



[Text]

My question has some reference to the effect of the Canada-United States Automotive Products Agreement on the plastics industry. Perhaps I should ask Mr. Danson the question, but it seems to me that a number of firms making products out of plastic for the auto industry have either established or expanded in the Windsor area, not just recently but in the period of the first couple of years of activity of the Automotive Agreement. Some of these expansions or new plants are very obvious and it seems to me to represent a more positive response to the Agreement than the answer given by one of the delegation before us.

Perhaps someone could help me reconcile my own observations in Windsor with the rather reticent response to the question of the Automotive Agreement by the delegation. I could mention firms in Windsor but I think they are well known to your industry, and I do not see any sense in giving them a free plug here, although we could.

**Mr. Littlejohn:** Yes, there are some firms that are farther away from Windsor, perhaps in the province of Quebec—which we know and which we will not name—that are no longer in the automotive business. So, there are places that have picked up business and some have lost business.

**Mr. Gray:** Well, that is part of the free enterprise system. Perhaps I have disintitiled myself from making my suggestion because I have just asked this question. While I think it is very useful for the Committee to have some general background on the structure of the plastics industry and its prospects for the purpose of studying the brief, the subject matter actually before us is the draft Bill on anti-dumping.

The brief is really aimed in a very precise way toward comments on the draft Bill and I wonder if the Committee might not feel as I do, that now that we have had a very interesting preliminary discussion to give us an idea of the structure of the industry, its prospects and problems, if we might not now want to begin looking more specifically at the brief. To conclude my comments, I say this because I think there may well be a vote in the House tonight before ten o'clock.

**The Chairman:** I have informed the Committee that such a thing might happen. I allowed those questions because the brief of The Society of the Plastics Industry of Canada did not mention figures that other briefs have mentioned, such as the number of employees in the industry.

**Mr. Gray:** My intention is not to criticize either the Chair or the other members of the

[Interpretation]

Ma question a trait aux effets du pacte sur l'automobile par rapport à l'industrie des plastiques. Je devrais peut-être m'adresser à M. Danson, mais un certain nombre des industries qui fabriquent des plastiques ont été établies et on grandi dans la région de Windsor, pas récemment, mais au cours des deux premières années de l'entrée en vigueur du pacte de l'automobile. Je pense que cela a une influence positive. Je pourrais peut-être réconcilier mes observations avec les opinions de la délégation qui a parlé du pacte de l'automobile. Je pourrais nommer certaines entreprises de Windsor, mais je crois que vous les connaissez très bien et je ne tiens pas à leur faire une publicité gratuite ici, quoique nous le pourrions.

**M. Littlejohn:** Il y a certaines firmes qui sont éloignées de Windsor, peut-être dans la province de Québec, nous ne les nommerons pas, mais elles ne sont plus dans l'industrie de l'automobile. Il y en a qui ont gagné du terrain, d'autres en ont perdu.

**M. Gray:** C'est ça, l'entreprise libre. Peut-être ai-je perdu le droit de faire une suggestion du fait que j'ai posé cette question. Tout en croyant qu'il est utile pour le Comité de connaître la structure de l'industrie des plastiques, et ses projets dans le but d'étudier le mémoire, le sujet important à l'heure actuelle, est le projet de loi antidumping.

Le mémoire, en fait, a pour objet précis d'avoir des commentaires sur le projet de loi et je voudrais savoir si le Comité ne pense pas, comme moi, qu'on peut donner une idée des structures de l'industrie, de ses possibilités, de ses problèmes, avant d'étudier le mémoire plus à fond. Je dis ceci en guise de conclusion à mes commentaires, car il y aura probablement un vote à la Chambre ce soir avant 10 heures.

**Le président:** J'ai dit au Comité que cela arrivera. Je vous permets de poser ces questions car, dans le mémoire, celui de la Société de l'industrie des plastiques, on mentionne des chiffres qui avaient été donnés par d'autres.

**M. Gray:** Je ne veux pas critiquer le président ou les autres membres du Comité, c'est



## [Texte]

Committee. I think this was a most valid thing to do in view of the fact that the plastics industry, in their brief, do not give some of the background information about the industry that we find in other briefs. I am just suggesting that we may be shortchanging ourselves as a Committee and also the delegation, if we do not have some reasonable limit on the extent of these questions because we may not have the full period until 10 o'clock before us if the bell starts ringing.

**The Chairman:** If we are not through by 9.45 p.m., I am sure the members of the Committee will be pleased to come back and give more time to the association. Mr. Hales?

• 2055

**Mr. Hales:** Mr. Gray sort of took the words out of my mouth in connection with the Canada-United States Automotive Products Agreement and Mr. Littlejohn answered the question that I was going to ask. Mr. Love said it took 13 months for the molders to get an order in the United States—some molders—and Mr. Gray says that some in the Windsor area have expanded.

You find as you go further away from the border—in my riding for instance I know of plastic molders who were making plastic distributor caps—molders who have lost business to the captive plant of the car manufacturer in the United States.

So there is give and take on this, and I do not think we are in a position here tonight to say who is ahead. There were a lot of small molders put out of business during that 13 month period that Mr. Love spoke about.

**The Chairman:** Gentlemen, if we are through with the general questioning, at page one of the brief... yes, Mr. Love?

**Mr. Love:** To close off these remarks so there is no misunderstanding, the only large molder in Windsor that I know of is an American-owned firm that moved a plant into Windsor on a designated area grant. It is a satellite plant only and it shifts jobs back and forth across the border to suit itself. I know of no Canadian molder who was in business before that has grown. There has always been a large tool building industry in Windsor that served the American market and they continue to expand because of it.

**Mr. Gray:** Do they not employ Canadians? Do they not pay Canadian taxes?

**Mr. Love:** This is quite so.

## [Interprétation]

une chose très utile à faire, mais l'industrie des plastiques ne donne pas dans son mémoire certaines généralités que nous retrouvons dans les autres mémoires. Nous serons peut-être à court, car nous n'aurons peut-être pas jusqu'à dix heures avant que la cloche sonne.

**Le président:** Si nous n'avons pas terminé à 9h. 45, ce soir, nous pourrions sûrement reprendre notre discussion au cours d'une autre séance.

**M. Hales:** M. Gray m'a sorti les mots de la bouche, au sujet du pacte sur l'automobile canado-américain, et M. Littlejohn a répondu à la question que je voulais poser. M. Love a dit qu'ils ont attendu treize mois avant de recevoir une commande des États-Unis, pour certains moules. M. Gray a dit qu'à Windsor il y en a qui ont progressé depuis. Dans ma circonscription, qui n'est pas très éloignée, de la frontière, je sais que des mouleurs fabriquaient des enjoliveurs de roue et qu'ils ont perdu certaines commandes au profit d'un fabricant des États-Unis.

Alors, il faut en prendre et en laisser. Je ne pense pas, ce soir, que nous soyons en mesure de dire qui est le premier, mais il y a des petites entreprises qui ont dû abandonner les affaires pendant cette période de temps, à laquelle M. Love a référé.

**Le président:** Messieurs, si nous avons fini de poser des questions générales, nous pourrions revenir à la page 1 du mémoire. Oui, monsieur Love?

**M. Love:** Pour mettre fin aux remarques générales, je tiens à dire que la seule entreprise de ce genre à Windsor appartient aux Américains, qui y ont installé une industrie dans le cadre du programme des régions désignées. Ce n'est qu'une usine-satellite et tout était envoyé de part et d'autre de la frontière. Je ne connais pas d'autres entreprises canadiennes de ce genre qui ont connu beaucoup d'expansion. Il y a toujours eu, à Windsor, une importante industrie d'outillage qui alimentait le marché américain et qui continue à prendre de l'expansion de ce fait.

**M. Gray:** N'emploient-ils pas des Canadiens? Ne paient-ils pas des impôts au Canada?

**M. Love:** C'est à peu près cela.

[Text]

**Mr. Gray:** Do they not contribute to the Canadian economy?

**Mr. Love:** I am not arguing this point.

**Mr. Harkness:** I think your argument has been exploded, Mr. Gray.

**The Chairman:** Mr. Harkness, I was told in a question I posed to the Minister of Industry that thousands and thousands of new jobs were created by the Automotive Agreement over those that were lost. I think, as suggested by Mr. Hales and Mr. Gray, that it will be hard to settle who gained or who lost.

**Mr. Harkness:** I think though, Mr. Chairman, this was not in the plastics industry that the thousand new jobs were created.

**The Chairman:** No, but I think we have to look at the over-all picture, Mr. Harkness.

Gentlemen, if you wish now, on page one of the brief the first paragraph deals with clause 5 of the White Paper which can be found at page 46, dealing with liability for anti-dumping, and there is a recommendation. Is it possible to have comments from the government officials?

**Mr. R. Y. Grey (Assistant Deputy Minister, Department of Finance):** I think this same point was raised by the delegation of the Canadian Manufacturers' Association. I would like to deal with it in a comprehensive way at a later session of the Committee which I gather, Mr. Chairman, will be held for the draftsmen to reappear.

I would like to say that there is some danger that in looking at what other countries are doing, the impact of a particular provision or regulation will be misjudged or looked at in isolation.

To understand these particular sections 53 and 56 of the United States regulations, you have to know a great deal about the whole character of the United States customs administration. This particular provision refers only to goods which have not been assessed at the time of the finding and that is a really very narrow category.

The same sort of argument applies to the next point made by the delegation before us. You cannot understand this bill without knowing what is in the Canadian Regulations Act which, in fact, does meet this point. That problem goes all the way through examining a piece of draft legislation such as is before your Committee, Mr. Chairman, and it goes also to try to figure out what it is the United States proposes to do.

[Interpretation]

**M. Gray:** Ne contribuent-ils pas à l'économie canadienne?

**M. Love:** Je ne discute pas ce point.

**M. Harkness:** Je crois que votre argument a été renversé, monsieur Gray.

**Le président:** J'ai posé cette question au ministre de l'Industrie. On dit que cet accord a créé des milliers d'emplois, pour compenser ce qui avait été perdu. Je crois que, comme l'ont dit M. Hales et M. Gray, qu'il serait difficile de savoir qui a gagné, qui a perdu.

**M. Harkness:** Je pense, monsieur le président, que cela ne touche pas l'industrie des plastiques. Les nouveaux emplois n'ont pas été créés dans l'industrie des plastiques.

**Le président:** Il faut regarder l'ensemble, monsieur Harkness.

Et, messieurs, si vous le voulez, nous allons revenir à la page 1 du mémoire, premier paragraphe, article 5, page 46 du Livre blanc. Il y a ici une recommandation. Voulez-vous faire des commentaires, messieurs?

**M. R. Y. Grey (sous-ministre adjoint, ministère des Finances):** Je pense que l'Association canadienne des manufacturiers en a parlé. Je voudrais en parler de façon plus approfondie à une séance ultérieure de ce Comité.

Je tiens à dire qu'il existe un certain danger qu'en considérant ce que font les autres pays, les effets de cette disposition pourraient être mal interprétés.

Pour comprendre ces articles 53 et 56 des Règlements des États-Unis, vous devez être bien renseignés sur l'ensemble de l'Administration des Douanes aux États-Unis. Cette disposition ne regarde que les produits non imposés; c'est vraiment une catégorie très restreinte.

Le même genre d'argument s'applique à l'autre question soulevée par les témoins. Il est difficile de comprendre le projet de loi sans connaître, dans les règlements des douanes du Canada, le point précis qui traite de tel sujet; et c'est la même chose tout au long, lorsqu'on étudie un projet de loi. Il faut aussi toujours connaître les intentions des États-Unis. Mais, comme l'Association canadienne des manufacturiers en a déjà parlé, j'y



## [Texte]

As this was raised by the CMA as well, I think I would prefer to deal with it in a more thorough fashion at a later meeting, if that is satisfactory, Mr. Chairman.

**The Chairman:** I think so. Are there any questions gentlemen on the paragraph that makes reference to clause 5 of the White Paper?

The next paragraph deals with clause 7 on page 48 dealing with exemption by Governor in Council. Yes, Mr. Lambert?

• 2100

**Mr. Lambert (Edmonton West):** Well, Mr. Chairman, we have had proposals of this kind before, and there have been counter comments that this is provided for already in the Regulations Act. What is disturbing, of course, is that there is an equal proposal in the Regulations Act that the Governor in Council may also decide to exempt the publication of anything under the Regulations Act. I somehow feel that perhaps it would be better to err on the side of overemphasis in this Bill by stating, if it is the intention that there should be no exemption at all.

**The Chairman:** Yes, Mr. Gray?

**Mr. Gray:** Mr. Chairman, could this be reserved for further discussion when we complete our taking of evidence and hearing of briefs.

**The Chairman:** What are your reactions, Mr. Lambert?

**Mr. Lambert (Edmonton West):** That is quite all right. I think the point has been highlighted—there is no doubt that it is one of the points at issue within the framing of the Bill.

**The Chairman:** Have you any other questions, gentlemen?

The next paragraph makes reference to clause 3 at page 58 dealing with procedures, and I would ask Mr. Hind of the Department of National Revenue for his comments. I think that question was asked before.

**Mr. Hind:** Mr. Chairman, as a result of a system of regionalization which has been introduced in our Department of National Revenue whereby Canada has been divided into six regions which have organizations to look after local activities, it is quite true that the customs entries and invoices will not be, in a general way, sent to Ottawa for examination.

As a counter measure we have now, and have had for some little time and will contin-

## [Interprétation]

reviendrai une autre fois. Si vous êtes d'accord, monsieur le président.

**Le président:** Avez-vous des questions au sujet de ce paragraphe dans lequel on parle de l'article 5 du Livre blanc?

Le paragraphe suivant, traite de l'article 7, à la page 48, au sujet des exemptions accordées par le gouverneur général en conseil. Oui, monsieur Lambert.

**M. Lambert:** Nous avons déjà entendu une proposition semblable et on nous a dit qu'on avait déjà prévu cette disposition dans le règlement. Mais un point encore plus inquiétant du règlement prévoit que le gouverneur général en conseil peut aussi décider d'annuler tout article de la présente loi. Je pense, pour cette raison, qu'il serait peut-être mieux d'insister beaucoup plus dans la loi si c'est là notre intention, pour qu'il n'y ait aucune exemption.

**Le président:** Oui, monsieur Gray?

**M. Gray:** Nous pourrions peut-être remettre cette discussion à plus tard, quand nous aurons vu les témoins et entendu les mémoires.

**Le président:** Quelle est votre réaction, monsieur Lambert?

**M. Lambert:** C'est très bien. Nous avons déjà étudié cette question. Il n'y a pas de doutes, c'est une question très importante.

**Le président:** Avez-vous d'autres questions, messieurs?

Alors, passons donc à l'article suivant, l'article 13, page 58, où l'on parle de la procédure. Je demanderais à M. Hind du ministère du Revenu national, de faire ses commentaires. Je crois qu'on a déjà posé la question.

**M. Hind:** Monsieur le président, à la suite d'un système de régionalisation introduit dans notre ministère du Revenu national, et par lequel le Canada a été divisé en six régions où nous avons des organismes qui s'occupent de l'activité locale, il est tout à fait vrai que les entrées et les envois de douanes en général ne seront pas envoyés à Ottawa pour y être examinés.

Mais, comme contre-mesure, nous avons en ce moment et nous avons depuis quelque



*[Text]*

ue to have in the future, a list of sensitive goods, which list is before all our ports and which requires port officers to send to Ottawa immediately copies of all documentation covering such sensitive goods.

The purpose of that is to enable the headquarters staff to keep track of these sensitive articles, and to undertake investigations, initiate investigations when it is felt there is a chance of finding dumping.

**The Chairman:** Are there any comments from the Association or Society?

Mr. Mitchell?

**Mr. Mitchell:** I wonder if the Department of National Revenue would consider, in light of the new climate proposed under the new dumping program, that this sensitive list might perhaps not warrant some considerable expansion in the future?

**Mr. Hind:** Mr. Chairman, we would be prepared to add to this list as commodities became sensitive. In other words, as we are informed of different categories of goods that perhaps are being dumped and are causing injury, we will ask our local ports to send these invoices to us along with the ones that they are already required to forward to Ottawa.

**The Chairman:** Have you any other questions, gentlemen? Mr. Énard?

**M. Énard:** Monsieur le président, je trouve que voici une suggestion intéressante; on y dit que:

Nous recommandons qu'une disposition soit ajoutée en vue d'étendre cette responsabilité à chaque directeur régional des douanes.

On vient de nous dire justement qu'il y a maintenant six différentes régions. Pourquoi les directeurs régionaux n'auraient-ils pas l'autorisation de faire enquête, ou, comme on le dit:

...de prendre l'initiative d'une enquête sur le dumping.

**Le président:** Ce matin, monsieur Énard, le groupe que nous avons devant nous avait objection à ce que même le sous-ministre soit libre de prendre cette initiative.

**M. Énard:** Parce que le groupe de ce matin ne voulait pas d'une chose, cela ne veut pas dire que l'autre groupe voudra le contraire.

*[Interpretation]*

temps et nous continuerons à avoir à l'avenir, une liste de marchandises qui demandent une surveillance spéciale.

Tous les fonctionnaires des ports ont cette liste, et doivent envoyer immédiatement à Ottawa, des copies de toute la documentation au sujet de ces marchandises spéciales.

Le but de cette mesure est de permettre au personnel du bureau-chef de contrôler la circulation de ces articles et d'entreprendre des enquêtes lorsqu'il pense qu'il peut y avoir dumping.

**Le président:** Avez-vous des commentaires à formuler? Monsieur Mitchell?

**M. Mitchell:** Je me demande seulement si le ministère du Revenu national voudrait bien considérer qu'à la lumière de la nouvelle loi antidumping, cette liste ne nuira pas considérablement à l'expansion future?

**M. Hind:** Monsieur le président, nous serions prêts à ajouter des marchandises à cette liste, à mesure qu'elles deviennent sujettes à surveillance. C'est-à-dire que, dès qu'on nous informerait que certaines catégories de marchandises sont importées en dumping et causent des préjudices, nous demanderions à nos bureaux locaux de nous envoyer leurs feuilles de route avec les autres documents qu'ils doivent envoyer à Ottawa.

**Le président:** Est-ce que vous avez d'autres questions, messieurs?

**Mr. Énard:** Mr. Chairman, I think that it is an interesting suggestion. It states as follows:

We recommend that a clause be added in order to extend this responsibility of each regional customs director.

We have just been told that there are now six different regions. Why should the regional directors not be authorized to make inquiries or, as the saying goes:

to initiate an investigation on dumping

**The Chairman:** This morning, Mr. Énard, the group we had before us objected even to extending discretion to the Deputy Minister concerning taking this initiative.

**Mr. Énard:** Because a certain group this morning did not want something, this does not mean that the other group will want the opposite.

[Texte]

**Le président:** Je ne crois pas qu'il n'y ait que le groupe de ce matin; même des membres de ce comité, monsieur Émard, ont certaines objections à ce que cette «liberté» soit étendue à trop de groupes.

• 2105

**M. Émard:** Il y a des membres de ce comité qui sont des objecteurs professionnels.

**Le président:** Vous n'avez pas le droit d'imputer des intentions à d'autres membres de ce comité, monsieur Émard.

Vous avez d'autres questions, monsieur Émard?

Oui, monsieur Latulippe.

**M. Latulippe:** Je ne comprends pas tout à fait ce paragraphe-là. Ce sont des manufacturiers canadiens de produits plastiques, et ils importent beaucoup...

**Une voix:** Monsieur le président, est-ce que M. Latulippe pourrait parler en direction du micro, s'il vous plaît?

**M. Latulippe:** Ce sont des manufacturiers canadiens de produits plastiques, et d'après leur mémoire je crois comprendre qu'ils importent beaucoup de marchandises américaines. Messieurs, est-ce que ce sont les matières premières que vous importez, ou les moules?

**Le président:** Votre question, monsieur Latulippe, relève plutôt du domaine général et non de l'article que nous discutons.

**M. Latulippe:** L'article que nous discutons recommande que l'initiative soit laissée à chaque directeur régional: mais il s'agit d'importations. Quelles sortes d'importations? Si c'est une industrie canadienne, elle ne doit pas tout importer! Quelle sorte d'administration y a-t-il là-dedans? De quel genre d'importation s'agit-il?

**Le président:** Pouvez-vous répondre à cette question monsieur Salmond?

**Mr. Salmond:** In answer to that question, I am sorry I hope we have not thrown you off the track on this thing, because we came to talk about this brief, the three pages here. We merely brought this matter in as supplementary information in connection with the general volume of the imports of plastics into the country here. But I could not quite follow, Mr. Latulippe, exactly what you were asking in the question, I am sorry.

**M. Latulippe:** Je voudrais savoir si vous importez des matières premières pour fabriquer vos produits plastiques, ou des moules

[Interprétation]

**The Chairman:** I do not believe it is only this morning's group—even members of this Committee, Mr. Émard, have certain objections to having this "discretion" extended to too many groups.

**Mr. Émard:** There are members on this Committee who are professional objectors.

**The Chairman:** You have no right to infer motives to other members of this Committee, Mr. Émard. Are there any other question, Mr. Émard? Yes, Mr. Latulippe.

**Mr. Latulippe:** I don't quite understand that paragraph. They are Canadian manufacturers of plastic products, and they import a lot...

**A Member:** Mr. Chairman, could Mr. Latulippe talk towards the microphone, please?

**Mr. Latulippe:** They are Canadian manufacturers of plastics, and according to their brief I understand that they import many American products. Gentlemen, is it raw materials or the moulds that you import?

**The Chairman:** Your question, Mr. Latulippe, deals rather with the general field and not with the item which is now being discussed.

**Mr. Latulippe:** The present item under discussion recommends that the initiative be left to each regional director concerning imports. But what kind of imports? If it is a Canadian industry it must not import everything. What sort of administration is this? What kind of imports are involved?

**The Chairman:** Can you answer that question, Mr. Salmond?

**M. Salmond:** J'espère que nous ne vous avons pas induit en erreur, parce que nous sommes venus ici pour présenter ce mémoire. Nous n'avons attaqué ce sujet que pour donner des renseignements généraux sur les importations de produits plastiques au Canada. Mais, je n'ai pas très bien compris votre question, monsieur Latulippe. Que m'avez-vous demandé exactement?

**Mr. Latulippe:** I would like to know if you import raw materials to make your plastic products, or do you import moulds or any-



[Text]

ou quoi encore. C'est important, parce qu'il est question de douanes?

**Le président:** A la pae (1), de son mémoire, monsieur Latulippe, la «Société» fait surtout mention de marchandises qui pourraient être importées au Canada et auquel cas, il y aurait possibilité de dumping.

**M. Latulippe:** Des marchandises américaines importées au Canada, d'accord, mais, d'après cet article, je crois comprendre qu'ils ont besoin d'importer quelque chose.

**Une voix:** C'est de la concurrence.

**Le président:** Monsieur Latulippe, avant votre arrivée, des représentants de la «Société» ont mentionné qu'ils importaient au Canada de la marchandise et de l'équipement pour leur production.

**M. Latulippe:** Alors cela comprend, tout y est inclus. Merci.

**Mr. Salmond:** Well, as I said before, we imported in 1966 some \$71 million worth of plastics products, and some \$74 million worth were raw materials, resins for making these plastic products. Does that answer your question?

**M. Latulippe:** Oui.

**Le président:** D'autres questions, mes amis?

**The Chairman:** We will move now to page 2 that deals with clause 14 of the White Paper on page 64; Preliminary determination of dumping. Are there any questions?

**Mr. Harkness:** We have dealt with this before.

**The Chairman:** The following paragraph makes reference to clause 15 of the White Paper at page 66; Application of provisional duty and provisional entry.

• 2110

**Mr. Hales:** Mr. Chairman, while Mr. Grey is here I would like to ask him if this is not a fairly important matter they bring to our attention. Clause 15 (a) says:

...pay or cause to be paid, on demand of the Deputy Minister, provisional duty...

Well, that says "pay or cause to be paid" it does not say when. It says, on demand of the Deputy Minister, but it does not say when the Deputy Minister must demand that payment. There is no time in there really. He could ask for it right away or he could ask for it in a month's time. I think when we come to redraft this we might take note of this recommendation.

[Interpretation]

thing else. It is important because there is a question of customs duty.

**The Chairman:** On page 1 of its brief, Mr. Latulippe, the "Company" mentions especially goods which could be imported into Canada and in whose case there is a possibility of dumping.

**Mr. Latulippe:** United States products imported into Canada, all right. But according to this article I understand that they need to import something.

**A hon. Member:** It is competition.

**The Chairman:** Mr. Latulippe, before you arrived, representatives of the "Company" mentioned that they imported goods and equipment into Canada for manufacturing purposes.

**Mr. Latulippe:** Then that means that everything is included. Thank you.

**M. Salmond:** Comme je l'ai déjà dit, en 1966, nous avons importé environ 71 millions de dollars de produits plastiques et 74 millions de matière première, de résine, pour fabriquer ces articles en plastique. Cela répond-il à votre question?

**Mr. Latulippe:** Yes.

**The Chairman:** Any other questions?

**Le président:** Nous passons ensuite à la page (2), où on étudie l'article (14) du Livre blanc, à la page (64). L'article traite de la détermination préliminaire du dumping. Avez-vous des questions à poser?

**M. Harkness:** Nous en avons déjà discuté.

**Le président:** Le paragraphe suivant se rapporte à l'article (15) du Livre blanc à la page (66), qui a pour sujet l'application d'un droit temporaire et entrée temporaire.

**M. Hales:** Pendant que M. Grey est ici, j'aimerais lui demander s'il ne croit pas d'une importance capitale le texte de l'alinéa (a) du paragraphe (1) de l'article (15), où il est écrit:

a) payer ou faire payer, sur demande du sous-ministre, un droit temporaire...

Il est écrit, «payer ou faire payer», mais on ne dit pas quand. «Sur demande du sous-ministre», mais on ne dit pas quand le sous-ministre doit demander ce paiement. On ne tient pas compte du temps. Il peut le demander tout de suite ou attendre un mois, rien n'est spécifié. Je pense que, quand nous ferons la révision, nous devons prendre note de cette recommandation.



[Texte]

**The Chairman:** Mr. Grey?

**Mr. R. Y. Grey:** Mr. Chairman, I thought it was being suggested here that all goods that were the subject of a preliminary determination of dumping should be subject to a provisional duty or the posting of a bond. Whereas the draft Bill proposes that they should be entered provisionally. The effect under the Code is to enable us to take advantage of the provision under the Code that goods that have been subject to provisional measures may be subject to the retroactive application of duty.

I think it is a matter of judgment whether in a particular case it is necessary because it is manifestly injurious, or if the injury is on a very large scale to inhibit the dumping while the inquiry by the Tribunal corroborates by collecting a provisional duty, or whether the mere taking of the goods subject to amendment, to use the terminology now, or that they be entered provisionally to use the terminology in the Code sufficiently inhibited.

Certainly it is the experience of Canadian exporters to the United States that withholding of appraisement introduces a very substantial element of uncertainty into the marketing of goods.

**Mr. Hales:** I agree that we leave it for the...

**The Chairman:** Time being?**Mr. Hales:** Yes.

**The Chairman:** Have you any questions, gentlemen. If not, the same page at the bottom we find reference to clause 16(5) dealing with Tribunal to make inquiry. Are there any comments?

**Mr. Hales:** This was brought to our attention by another brief, Mr. Chairman.

**The Chairman:** Have you any questions, gentlemen? On page 3 we find reference to clause 21 of the White Paper; Anti-dumping Tribunal.

Are there any questions, gentlemen? The next paragraph deals with an item with which we are familiar, clause 30; Advice of Panel to be sought, Membership of Panel. Yes, Mr. Lambert.

**Mr. Lambert (Edmonton West):** Well I am glad this association also discovered the monster. This is the monster of the year.

**Mr. Gray:** So far the Panel does not seem to have a friend in the world.

[Interprétation]

**Le président:** Monsieur Grey.

**M. Grey:** Monsieur le président, je pensais que cette suggestion voulait que toutes les marchandises sujettes à détermination préliminaire, encouraient automatiquement le paiement des droits temporaires. Le projet de loi prévoit alors que ces marchandises seraient importées de manière provisoire. Le Code international nous permet d'exiger des paiements rétroactifs sur toute marchandise soumise à des mesures provisoires.

Il s'agit de juger, pour chaque cas particulier, si on doit faire cesser le dumping; il peut y avoir deux causes: que le préjudice soit manifeste, ou qu'il se répercute sur une grande échelle. Pour arrêter le dumping, on peut avoir recours à une enquête du tribunal qui exigera un droit provisoire, à la saisie des marchandises en cause, ou encore à une entrée seulement temporaire des marchandises au pays.

Les exportateurs canadiens savent bien comment les retards d'évaluation peuvent nuire à leur mise en marché.

**M. Hales:** Je suis aussi d'avis que la question soit laissée...

**Le président:** ... en suspens?**M. Hales:** Oui.

**Le président:** Avez-vous des questions, messieurs. Sinon, nous trouvons au bas de la même page, un commentaire au sujet de l'alinéa (5) de l'article (16), traitant de l'enquête du Tribunal. Avez-vous des commentaires?

**M. Hales:** Cette question nous a été signalée dans un autre mémoire, monsieur le président.

**Le président:** Est-ce que vous avez des questions, messieurs? A la page 3, on traite de l'article 21 du Livre blanc, Tribunal anti-dumping. Avez-vous des questions, messieurs? Le paragraphe suivant traite d'un article qui nous est familier, l'article 30: L'avis du Comité consultatif doit être demandé; composition du Comité. Monsieur Lambert.

**M. Lamberti (Edmonton-Ouest):** On a enfin découvert le monstre. Je pense que c'est le monstre de l'année.

**M. Gray:** Le Comité consultatif n'a pas un ami au monde!

[Text]

**Mr. Lambert (Edmonton West):** The title may under permissive authority, but under the mandatory authority it does not. As Mr. Gray has said, it has not found a friend in the world to appear before this Committee, and, perhaps in so far as it might be permissive I think people would perhaps go along with it.

**The Chairman:** You mean to replace the word "shall" by "may".

**Mr. Lambert (Edmonton West):** Yes, but not in the sense that Mr. Paul Martin used to say that they were equal.

**The Chairman:** Just a second now, gentlemen, our technicians will have a hard time to follow you, if you speak all together. Yes, Mr. Gray.

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**Mr. Gray:** I want to agree with Mr. Lambert. When I referred to the proposed Panel as not having so far a friend in the world, at least as indicated by the Evidence before the Committee, I was referring to the proposal in the form in the draft Bill. It may be that it will not be such a wallflower if some suggestions are taken into consideration.

**The Chairman:** I think Mr. Harkness wanted to make some comments, too.

**Mr. Harkness:** My remark was just an aside, Mr. Chairman.

**The Chairman:** Have you any questions or comments, gentlemen, on the conclusion of the brief? Yes, Mr. Hales?

**Mr. Hales:** The last sentence or two deal with the administration of this whole anti-dumping legislation. I know the other day Mr. Hind gave us four or five ways in which they proposed to administer this effectively. I am wondering if he has anything more to add to what he gave us the other day.

**Mr. Hind:** Mr. Chairman, we continue to think about this new legislation, in the course of which every day we try to design new and better procedures. I hope that as time continues to go on, we will come up with additional areas where we will be able to give speedy and effective administration to the proposed Bill.

**The Chairman:** Thank you, Mr. Hind. Are there any other questions, gentlemen, on the conclusion. Yes, Mr. Danson.

**Mr. Danson:** Mr. Chairman, I am happy to see there is satisfaction that it contains the broad discretionary powers necessary to

[Interpretation]

**M. Lambert (Edmonton-Ouest):** Sous l'autorité obligatoire, comme M. Gray l'a dit, il n'y a pas un ami qui veut comparaître devant ce Comité. Je pense qu'en autant que cela est permis, les gens pourraient se plier.

**Le président:** Il faudrait remplacer le mot «doit» par «peut».

**M. Lambert (Edmonton-Ouest):** Oui, mais pas dans le sens employé par M. Paul Martin qui dit que ces deux termes sont égaux.

**Le président:** Un moment, messieurs. Notre technicien aura des difficultés à vous suivre si vous parlez tous ensemble. Monsieur Gray.

**M. Gray:** Je suis d'accord avec M. Lambert. Ce Comité consultatif n'a pas un ami au monde. Il est possible que, si certaines propositions sont acceptées, ce Comité soit un peu plus populaire.

**Le président:** M. Harkness a quelque chose à ajouter.

**M. Harkness:** Je parlais tout simplement à mon voisin, monsieur le président.

**Le président:** Avez-vous des questions ou des commentaires sur la conclusion du mémoire?

Oui, monsieur Hales?

**M. Hales:** Dans les deux dernières phrases, on parle de l'administration de toute la législation de l'antidumping. L'autre jour, M. Hind nous a donné 4 ou 5 méthodes pour améliorer l'administration de cette législation. Je me demande s'il a quelque chose à ajouter sur ce qu'il nous a dit, l'autre jour.

**M. Hind:** Monsieur le président, nous pensons toujours à cette nouvelle législation et, à tous les jours, nous essayons de trouver de meilleurs et de nouveaux moyens.

J'espère qu'avec le temps, nous arriverons à trouver des moyens pour administrer la nouvelle loi d'une façon plus efficace et plus rapide.

**Le président:** Merci, monsieur Hind. Est-ce que vous avez d'autres questions sur la conclusion? Monsieur Danson.

**M. Danson:** Monsieur le président, je suis heureux de constater la satisfaction que l'on a manifestée au sujet du pouvoir discrétion-



[Texte]

effectively protect the Canadian industries. In some of the briefs we have had here they have been afraid of this discretionary power, and apparently this industry has had some favorable results from the use of discretionary power previously.

The other item that I note is that for the second time there is a reference to the composition of the Panel. Does this represent any apprehension or any specific suggestions that you have in this respect?

**Mr. Salmond:** Well I do not think so, Mr. Chairman. If at a proper time you wanted us to make some suggestions, we would be very glad to make some suggestions on the Tribunal. I take it is the Tribunal you are speaking about?

**Mr. Danson:** Yes, that is right.

**Mr. Hales:** I have just one short question. We were talking about seconds, in the raw products that are imported and that it is very difficult for the industry to say, or the appraiser to say, whether they are seconds or not. Can your industry not grade or have this product graded and labeled in such a way that there would be no chance of discrepancy?

**Mr. Mitchell:** I think this is something rather difficult to do, and perhaps some other members of the group could answer. I believe an attempt was made some few years ago, if my memory serves me correctly in the American society, to set up a standards committee of some kind. I do not know if that was able to really get off the ground.

**The Chairman:** Mr. Salmond, at the end of your opening remarks you suggested other representatives of your Society might like to make comments at the end of the session.

**Mr. Salmond:** That is their pleasure. Would any of you care to. I think we have said all we wanted to say, unless Mr. Love or Mr. Mitchell or Mr. Littlejohn would like to add anything further. We are very appreciative of this opportunity to talk to you.

**The Chairman:** My thanks to the Society of the Plastics Industry of Canada for the presentation of their brief and for additional information, gentlemen, given before the Committee tonight.

As for the members of the Committee, your Committee is adjourned to Thursday, 9.30, same room. We will have the following group before us during the day: Steel Industries, Atlas Steel, Howden and Parsons Limited, Machinery and Equipment Manufacturers Association, and the Canadian Federation of Agriculture.

[Interprétation]

naire. Mais, jusqu'ici, les représentants de l'industrie ont été un peu craintifs à ce sujet.

De plus, je note que, pour la deuxième fois, on parle de la composition du Comité consultatif. Est-ce que cela représente une certaine crainte ou est-ce que vous avez des suggestions à faire à ce sujet?

**M. Salmond:** Je ne pense pas, monsieur le président. Si vous voulez que nous fassions des suggestions, nous serons heureux de le faire au sujet du Tribunal. Vous parlez du Tribunal, n'est-ce pas?

**M. Danson:** Oui.

**M. Hales:** J'ai seulement une petite question. Nous parlons des matières de deuxième qualité qui sont importées. Il est très difficile pour l'industrie ou pour l'évaluateur de dire s'il s'agit de produits de deuxième qualité. Est-ce que votre industrie ne pourrait pas établir des classifications afin qu'il n'y ait pas de discrimination?

**M. Mitchell:** Je pense que c'est une chose assez difficile à faire. Peut-être que d'autres membres du groupe pourraient répondre à cette question. Je pense qu'on a essayé, il y a quelques années, dans la société américaine, d'établir un Comité des normes. Mais, je ne sais pas si on a réellement pu faire quelque chose de positif.

**Le président:** Monsieur Salmond, à la fin de vos remarques préliminaires, vous avez laissé à entendre que d'autres représentants de votre Société aimeraient faire quelques commentaires à la fin de la séance.

**M. Salmond:** S'ils veulent bien, oui. Je pense que nous avons dit ce que nous avions à dire, à moins que M. Mitchell ou M. Love ou M. Littlejohn aient quelque chose à ajouter. Nous sommes très heureux d'avoir eu l'occasion de parler avec les membres du Comité.

**Le président:** Je remercie la Société de l'industrie des plastiques du Canada pour la présentation de leur mémoire et pour les renseignements utiles qu'ils nous ont communiqués. Nous levons la séance jusqu'à jeudi, 9h30, même pièce.

Nous entendrons les groupes suivants pendant la journée: Steel Industries, Atlas Steel, Howden and Parsons Limited, Machinery and Equipment Manufacturers Association et la Fédération canadienne de l'agriculture.



## APPENDIX Y

CANADIAN IMPORTERS  
ASSOCIATION INC.

November 8, 1968.

Gaston Clermont, Esq.,  
Chairman, Standing Committee  
on Finance, Trade and Economic Affairs,  
House of Commons,  
Ottawa, Canada.

Dear Mr. Clermont:

On behalf of Canadian Importers Association Inc. we wish to express our thanks to the House of Commons Standing Committee on Finance, Trade and Economic Affairs for permitting us to present the views of this Association concerning the recently tabled White Paper on Anti-Dumping. This White Paper sets forth the text of a proposed Anti-Dumping Act which, if approved by this Committee and subsequently enacted into law by Parliament, is intended to be in fulfilment of Canada's obligations as a signatory of the International Code on Anti-Dumping Policies. This international code was in turn part of the Kennedy Round agreements dated June 30, 1967.

As you know from our appearance before this Committee last January, Canadian Importers Association is the national association in Canada representing the interests of Canadian importers. There are presently 640 members made up of straight importers of goods, Canadian manufacturers who are required to import component parts, and first engaged in servicing the import trade such as chartered banks, transportation companies, customs brokers and warehousing organizations.

Since its incorporation some decades ago, this Association has always advocated a policy of freer international trade to be achieved by the elimination of non-trade barriers as well as by the more conventional route of reductions of tariff rates. To this end we have on many occasions in the past represented to Parliamentary Committees and elsewhere that Canada should abandon the automatic dumping duty.

Therefore this Association has supported Canada's stand in subscribing to the International Code on Anti-Dumping Policies in 1967 and in general now wishes to endorse the present effort of the government to carry out its obligations under the International Code

## APPENDICE Y

CANADIAN IMPORTERS  
ASSOCIATION INC.

le 8 novembre 1968.

Monsieur Gaston Clermont,  
Président,  
Comité permanent des finances,  
Affaires commerciales et économiques,  
Chambre des Communes,  
Ottawa, Canada.

Cher monsieur Clermont,

Au nom de l'Association des Importateurs Canadiens Inc., nous désirons exprimer nos remerciements à vous-même et votre comité pour nous avoir fourni l'occasion de soumettre l'opinion de notre Association au sujet des propositions contenues dans le Livre Blanc sur l'Antidumping. Ce Livre Blanc énonce le texte du Projet de Loi Antidumping qui, si approuvé par votre comité et subseqüemment décrété loi par le Parlement, aura pour but l'accomplissement des engagements du Canada en tant que signataire du Code International sur les politiques de l'Antidumping. Ce code international faisait aussi partie des Accords du Kennedy Round du 30 juin 1967.

Nous étant déjà présentés devant ce comité en janvier dernier, vous savez sans doute que l'Association des Importateurs Canadiens est l'association d'envergure nationale au Canada qui représente les intérêts des importateurs canadiens.

Comptant présentement 640 membres, cette Association est formée d'une part d'agents-importateurs spécialisés, de fabricants canadiens qui importent des pièces détachées et enfin d'entreprises de service du commerce d'importation, comme les banques à charte, les courtiers en douanes, les compagnies de transport et les entreprises d'entrepôt.

Depuis son incorporation, il y a plusieurs dizaines d'années, l'Association s'est constamment déclarée en faveur d'une politique commerciale internationale plus libérale, grâce aux réductions des tarifs et à l'élimination des barrières non-tarifaires. Par conséquent, nous avons, à plusieurs occasions dans le passé, fait remarquer aux comités parlementaires et à d'autres que le Canada devrait abandonner le droit automatique antidumping.

L'Association a donc appuyé la position du Canada lorsqu'il souscrivit au Code International sur les politiques de l'Antidumping en 1967, et, d'une façon générale, désire maintenant appuyer le présent effort du gouvernement qui est de remplir ses engagements dans

[Texte]

by enacting new domestic legislation to be known as the Anti-Dumping Act. However, notwithstanding this general endorsement, we wish to record the following reservations concerning this proposed Act for the consideration of this Standing Committee.

#### 1. Surtax.

One matter of great importance to the members of this Association arises from Section 37 of the proposed Anti-Dumping Act. This is a consequential amendment which, after repealing three arbitrary valuation provisions presently contained in Section 40A (7) of the Customs Act, substitutes therefor a new Section 7 (1a) of the Customs Tariff which will under certain conditions permit the levying of a surtax against imported goods. It would appear as if it will be possible to impose this surtax in cases where there has been no dumping of imported goods involved at all. The surtax will be a special emergency tax which will be levied against non-dumped goods which are nevertheless injuring Canadian producers or manufacturers. This Association strongly feels that there is one feature of this new statutory provision which is bad in principle.

Proposed Section 7(1a) of the Customs Tariff as presently worded states that the Governor-in-Council can by Order-in-Council impose a surtax to be levied against imported goods under certain conditions notwithstanding the fact that there is no evidence of dumping. In other words, Parliament is delegating the right to impose a specific tax of this kind to the Governor-in-Council. It is recognized that such delegation is within the powers of Parliament but at the same time it is submitted that such a method is contrary to good Parliamentary practice.

A good example of Parliament's attitude towards this type of tax in recent years can be demonstrated by looking at the case of the export duty on electricity which was imposed until the 1963 Federal budget, when it was finally repealed. For many years, the authority to levy an export duty on electricity was established under the Electricity and Fluid Exportation Act, and later the Exportation of Power and Fluids and Importation of Gas Act. Under both of these statutes, it was enacted that the Governor-in-Council could make regulations imposing export duties not exceeding \$10 per horse power per annum upon power exported from Canada. At this point it will be observed that in each of these

[Texte]

le cadre du Code International par le décret d'une nouvelle législation domestique qui sera nommée Loi antidumping. Malgré cet appui, l'Association désire néanmoins soumettre officiellement à la considération de votre comité permanent les réserves suivantes:

#### 1. Surtaxe.

L'article 37 du Projet de loi antidumping soulève une question de très grande importance pour les membres de notre Association. C'est une modification résultante qui, abrogeant trois dispositions arbitraires relatives à l'évaluation présentement contenues dans l'article 40A (7) de la Loi sur les douanes, y substitue un nouveau paragraphe 7(1a) du Tarif, des douanes qui permettra dans certaines conditions l'imposition d'une surtaxe sur les marchandises importées. Il semble qu'il soit possible d'imposer cette surtaxe dans des cas où il n'y aura pas vraiment eu des marchandises importées faisant l'objet d'un dumping. Cette surtaxe sera une taxe spéciale d'urgence imposable sur les marchandises non sous-évaluées qui causent néanmoins un préjudice aux producteurs et manufacturiers canadiens. Notre Association croit qu'un aspect de cette disposition statutaire est mauvais en principe.

Le paragraphe (1a) que l'on propose d'ajouter à l'article 7 du Tarif des douanes, tel que présentement énoncé, déclare que le gouverneur en conseil peut, dans certaines conditions, par ordre en conseil, imposer une surtaxe sur les marchandises importées malgré qu'il n'y ait pas évidence de dumping. En d'autres mots, le Parlement délègue au gouverneur en conseil le droit d'imposer une telle taxe spécifique. Nous reconnaissons qu'une telle délégation est dans les limites des pouvoirs du Parlement, mais nous tenons néanmoins à émettre l'opinion que telle méthode est contraire aux bonnes procédures parlementaires.

Un exemple récent de l'attitude du Parlement envers ce type de taxe peut être démontré en examinant le cas du droit d'exportation sur l'électricité qui fut imposé jusqu'au budget fédéral de 1963 lorsqu'il fut finalement abrogé. Pendant plusieurs années le pouvoir d'imposer ce droit fut établi sous le régime de la Loi sur l'exportation de l'électricité et des fluides et plus tard sous la Loi sur l'exportation de l'énergie et des fluides et sur l'importation du gaz. Sous le régime de ces deux statuts, il fut décrété que le gouverneur en conseil pouvait édicter des règlements imposant des droits d'exportation n'excédant pas \$10 par c.v. par année sur l'énergie exportée du Canada. On remarquera ici que sous le



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two power statutes the delegation from Parliament to the Executive of the right to impose a tax was granted but with the notable exception that in these power statutes a maximum tax was established by Parliament. In the proposed Section 7(1a) of the Customs Tariff there is not even a maximum rate of surtax established in this proposed subsection. Then as recently as 1959 the government of the day decided as a matter of policy that the discretionary authority heretofore given to the executive government to establish an export duty on power within a statutory maximum should be removed and the entire right restored to Parliament. This was achieved by placing this power tax in the Excise Tax Act (Section 8) where the exact rate of tax was spelt out in full. When dealing with this change in the law, the then Minister of Finance said:

"The feature of that existing law (Exportation of Power and Fluids and Importation of Gas Act) which I must say I could not approve, is that it gives power to the Governor-in-Council subject to a ceiling to establish the rate of the tax... What we are doing is to make that a statutory tax and to remove any power to establish the tax by order-in-Council."

(Hansard House of Commons,  
May 19, 1959 pg. 3820)

On the same point Senator Ross Macdonald said in the Senate:

"Should we approve of taxation by order-in-council or should we insist that taxation measures be approved or disapproved by Parliament? That, in my opinion, is the whole issue here."

(Senate Hansard,  
June 17, 1959 pg. 839)

A surtax as provided for in the new Section 7 (1a) of the Customs Tariff will clearly have a bearing on the revenue of the Federal government and therefore would be a taxation provision. This being so, it is submitted that better Parliamentary practice requires that the imposition of such a tax should be established by Parliament and not by order-in-council of the executive government.

In addition, it will be noted in Section 7 (1c) of the Customs Tariff that any order of the Governor in Council imposing a surtax will be effective only for a period of 180 days unless it has been earlier approved by Parliament. It is submitted that the maximum period of time to be allowed is too great because of the nature and purpose of the surtax. It

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régime de ces deux statuts sur l'énergie, le Parlement accorda au gouvernement exécutif le droit d'imposer une taxe mais se réserva toutefois le droit d'établir un taux maximum de taxe. Dans le paragraphe 1a) que l'on propose d'ajouter à l'article 7 du Tarif des douanes, on n'établit même pas un taux maximum de surtaxe. Puis, aussi récemment qu'en 1959, le gouvernement d'alors décida comme politique que le pouvoir discrétionnaire jusqu'alors accordé au gouvernement exécutif d'établir un droit d'exportation sur l'énergie, dans un maximum statutaire, devrait être révoqué et que ce droit soit intégralement remis au Parlement. Ceci fut accompli en incluant cette taxe sur l'énergie dans la Loi sur la taxe d'accise (Article 8) où le taux exact de la taxe était énoncé en toutes lettres. Concernant ce changement de loi, le Ministre des finances d'alors, déclara:

«La particularité de cette loi (Loi sur l'exportation de l'énergie et des fluides et sur l'importation du gaz) que je ne puis approuver est qu'elle donne l'autorité au gouverneur en conseil d'établir le taux de la taxe, sujet à un maximum... Ici, nous en faisons une taxe statutaire et révoquons tout pouvoir d'établir la taxe par ordre en conseil».

(HANSARD—Chambre des Communes,  
le 19 mai 1959, page 3820)

Sur le même point, le sénateur Ross Macdonald déclara au Sénat:

«Devrions-nous approuver la taxation par ordre en conseil ou devrions-nous insister que les mesures de taxation soient approuvées ou désapprouvées par le Parlement? A mon avis, c'est là toute la question!»

(HANSARD—Sénat, le 17 juin 1959,  
page 839)

Une surtaxe telle que prévue dans le nouveau paragraphe (1a) de l'article 7 du Tarif des douanes affecterait définitivement le revenu du gouvernement fédéral et, ainsi, serait une disposition de taxation. Ceci étant, nous soumettons respectueusement qu'une meilleure procédure parlementaire demande que l'imposition d'une telle taxe soit établie par le Parlement et non pas par l'ordre en conseil du gouvernement exécutif.

De plus, on notera dans le paragraphe (1c) de l'article 7 du Tarif des douanes que toute ordonnance du gouverneur en conseil imposant une surtaxe est en vigueur durant une période de seulement 180 jours à moins qu'elle ait auparavant été approuvée par le Parlement. Nous soumettons qu'à cause de la nature et du but de cette surtaxe, la période



[Texte]

appears to be a special emergency tax on non-dumped goods. At the same time it is submitted that there is no provision in the proposed wording of the subsection which will permit Parliament within the 180 day period to annul such an executive order imposing this surtax. A review of federal statutes shows that where wide powers are conferred by Parliament upon the executive government to act by order or regulation, the right of Parliament to review such orders or regulations is frequently given express recognition in such a statute. Often they are what might be termed statutes intended to deal with emergency situations such as The National Emergency Transitional Powers Act 1945 and The Emergency Powers Act 1951. In each of these statutes Parliament has been given the right to annul orders of the Governor-in-Council. For instance in The Emergency Powers Act, it is expressly provided that:

"If the Senate and House of Commons within a period of forty days, beginning with the day on which any regulation is laid before Parliament in accordance with subsection four and excluding any time during which Parliament is dissolved or prorogued or during which both the Senate and House of Commons are adjourned for more than four days, resolve that it be annulled, it shall cease to have effect" (Sec. 2(5))

It is submitted that such an effective right of review by Parliament should exist in Section 7 (1c) of the Customs Tariff.

## 2. Ministerial Discretion.

In the proposed Anti-Dumping Act there are a number of instances where resort has been made to the use of Ministerial discretion (Sections 9(3) and (5) and 11). In addition there are cases where the discretionary power has been conferred upon the Deputy Minister (Sections 9(3)(a): 10 (2)(b): 11: 13(1)(a) and 34(1)). Although it is difficult to eliminate the granting of discretionary power completely from taxing statutes it is a fact that the instances where it is going to be used in the Anti-Dumping Act vitally affect the interests of Canadian importers. Therefore, this Association is of the view that some method should be devised to protect the rights of importers upon the exercise of such discretionary powers. Upon perusing the Report of the Royal Commission on Taxation (Carter Report) it is noted that reference is made at different places in the Report concerning this

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maximum de temps alloué est trop grande. Il semble que ce soit une taxe spéciale d'urgence sur les marchandises non sous-évaluées. En même temps, nous faisons remarquer qu'il n'y a pas de disposition dans l'énoncé du paragraphe proposé qui permettra au Parlement d'annuler, en dedans de 180 jours, un tel ordre exécutif imposant cette surtaxe. Une étude des statuts fédéraux démontre que lorsque le Parlement confère au gouvernement exécutif des pouvoirs étendus d'action par ordonnances ou règlements, le droit de reviser ces ordonnances ou règlements est souvent formellement reconnu au Parlement dans un tel statut. Ce sont souvent des statuts institués dans le but d'intervenir dans les situations d'urgence tel le «The National Emergency Transitional Powers Act 1945» et le «The Emergency Powers Act 1951». Dans chacun de ces statuts, on accorda au Parlement le droit d'annuler les ordonnances du gouverneur en conseil. Par exemple, dans le «E.P.A.» il est explicitement prévu que:

«Un règlement cessera d'être en vigueur si le Sénat et la Chambre des Communes dans un délai de 40 jours commençant le jour où tout règlement est présenté devant le Parlement, en accord avec le paragraphe quatre et excluant tout temps durant lequel il y a dissolution ou prorogation du Parlement ou durant lequel le Sénat et la Chambre des Communes ont ajourné pour plus de quatre jours, décident d'annuler ce règlement». (Article 2(5))

Nous soumettons respectueusement qu'un droit aussi efficace de revision par le Parlement devrait exister dans l'article 7(1c) du Tarif des douanes.

## 2. Discretion ministérielle.

Dans le projet de loi antidumping, on fait appel à plusieurs reprises à la discrétion ministérielle. (Articles 9 (3) et (5), et 11). De plus, dans plusieurs cas le pouvoir discrétionnaire a été conféré au sous-ministre. (Articles 9 (3) (a); 10 (2), (b); 13 (1) (a) et 34 (1) ). Bien qu'il soit difficile d'éliminer complètement dans les statuts de taxation l'octroi de pouvoir discrétionnaire, il est de fait que les cas où ce pouvoir sera employé dans la Loi antidumping affecteront d'une manière vitale les intérêts des importateurs canadiens. Par conséquent, l'Association est d'opinion que certaines mesures devraient être prises pour protéger les droits des importateurs contre l'exercice de tels pouvoirs discrétionnaires. En étudiant le Rapport de la Commission Royale sur la taxation (Rapport Carter) on note qu'à différents endroits le rapport réfère à l'usage de la discrétion ministérielle dans un statut

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use of ministerial discretion in a taxing statute. The views of the Commissioners on this subject are set forth in the following passage taken from their Report:

"In our opinion ministerial discretionary powers are undesirable except in extreme circumstances. Where such powers exist, taxpayers cannot be assured that they will be judged by the same standard as other taxpayers. If an unfavourable decision is reached by the Minister, the taxpayer's rights of appeal are narrowly limited. Such a decision may have been reached privately and on the basis of evidence not communicated to the taxpayer. To the extent that discretionary powers are granted there is a departure from the rule of law. For these reasons we think that ministerial discretion should be used in legislation only in unusual circumstances." (Vol. 3, Pg. 567)

## [Text]

de taxation. Les vues des commissionnaires sur ce sujet sont énoncées dans le passage suivant de leur rapport:

C'est notre opinion que les pouvoirs ministériels discrétionnaires sont indésirables sauf dans des circonstances extrêmes. Là où de tels pouvoirs existent, les contribuables ne peuvent être assurés qu'ils seront jugés selon les mêmes normes que les autres contribuables. Si une décision défavorable est prise par le Ministre, les droits d'appel du contribuable sont étroitement limités. Une telle décision peut avoir été prise privément et être basée sur des faits qui ne sont pas communiqués au contribuable. Dans la mesure où les pouvoirs discrétionnaires sont accordés, il y a dérogation aux règles de la loi. C'est pourquoi nous croyons que la discrétion ministérielle devrait être employée, en législation, seulement dans des circonstances exceptionnelles. (Vol. 3, page 567).

### 3. Regulations to be issued.

It is realized that it is a very complicated task to include in the new Act all of the provisions relating to dumping contained in the International Code. For this reason it seems normal to include in the Act a section such as Section 35 which permits the Governor-in-Council to make regulations by order-in-council. This is now common practice in the case of regulatory statutes. Yet in this section of the proposed Anti-Dumping Act it is observed that the draftsmen have gone further, and permit the regulations to cover anything that is to be specifically prescribed by regulations according to other sections of the Act. A survey of the Act shows that there are at least fifteen instances where this can be done. Many of these relate to such important aspects of dumping duty law as how the normal value of goods is determined (Section 9) and how the export price of the same is ascertained (Section 10). As an example it is stated in Section 9(4) of the Act that the phrase "sufficient number of sales" whenever used in this section shall mean whatever definition is given to it in the regulations. It can be defined narrowly or liberally. Yet at the present time importers have no way of knowing exactly because the regulations have not been made public. Presumably this cannot be done legally until the statute has been enacted into law by Parliament. Until the regulations are published it is not possible to comment completely upon the operations of this new Anti-Dumping Act. It seems obvious that the regulations in this case will play a

### 3. Proclamation de règlements.

Nous réalisons que c'est une tâche très compliquée d'inclure dans la nouvelle loi toutes les dispositions ayant trait au dumping contenues dans le Code International. Pour cette raison, il semble normal d'inclure dans cette loi un article tel l'article 35 qui permet au gouverneur en conseil d'édicter des règlements par ordre en conseil. Ceci est maintenant une procédure courante dans le cas des statuts régulateurs. Néanmoins, dans cet article du projet de loi antidumping, on note que les rédacteurs sont allés plus loin et ont permis aux règlements de couvrir tout ce qui devra être spécifiquement prescrit par des règlements d'après d'autres articles de la loi. Une étude de la loi révèle que ceci peut se faire dans au moins quinze ans. Plusieurs de ces cas ont trait à des aspects aussi importants de la loi antidumping que la manière dont la valeur normale des marchandises est déterminée (Article 9) ainsi que la manière dont le prix d'exportation est établi (Article 10). Par exemple, l'article 9 (4) de la loi déclare que la phrase «nombre suffisant de ventes» partout où elle est utilisée dans ce paragraphe, aura la signification donnée à cette expression par les règlements. Cette définition peut être interprétée d'une façon libérale ou rigoureuse. Cependant, comme les règlements n'ont pas encore été rendus publics les importateurs n'ont aucune façon de le savoir. Il y a lieu de croire que ceci ne peut se faire légalement tant que le statut n'a pas été décrété loi par le Parlement. Tant que les règlements n'ont pas été publiés, il est



[Texte]

very large part in the administration of the new Canadian Anti-Dumping law. This being so, it is submitted that after the enactment of the statute and before it is proclaimed the regulations should be published and made available to interested parties. Those who will be affected by this new statute should have an opportunity to comment upon such regulations before the proposed Anti-Dumping Act becomes operative. Perhaps, this can be done either before this Standing Committee or alternatively before an interdepartmental Committee of government administrators.

#### 4. *Definition of Injury.*

Article 3 of the International Code sets forth various criteria to be used by the Anti-Dumping Tribunal in determining whether or not there has been injury to a domestic industry. A similar provision does not appear to be included in the proposed Act. It is submitted by this Association that such a provision should be included as a section in the Act or alternatively the contents of Article 3 of the Code can be adapted by reference in the statute. There seems to be a precedent for this latter approach. Section 16(4) of the Act adapts by reference the provisions of Article 4 (a) of the Code which purports to define what is a domestic industry.

#### 5. *Dumping Duty may be less than full margin.*

Under Article 8 (a) of the Code it is stipulated that any dumping duty levied might be less than the full margin of dumping if this is sufficient to remove injury to a Canadian industry in a given situation. There does not appear to be any reference to this relieving provision in the proposed Act. It is submitted that such a relieving provision should be included in the new Act since there is specific reference to it in the Code.

#### 6. *Departmental initiative.*

Section 13 of the proposed Act deals with the procedure to be followed in commencing an investigation into dumping in a particular case. Under Article 5(a) of the Code it is stated that normally an investigation will be started as a result of a complaint by an industry and only in "special circumstances" will the Deputy Minister of National Revenue act on his own initiative in commencing such an investigation. This subsidiary role of the Deputy Minister does not appear to be mentioned in Section 13 of the Act. Since it is specifically provided for in the Code to which

[Texte]

impossible d'évaluer tout à fait les opérations de cette nouvelle loi antidumping. Il semble évident que les règlements dans ce cas joueront un grand rôle dans l'administration de cette nouvelle loi canadienne antidumping. Ceci étant, nous soumettons respectueusement qu'après le décret de ce statut et avant qu'il soit promulgué, les règlements devraient être publiés et mis à la disposition des parties intéressées. Ceux qui seront concernés par ce nouveau statut devraient avoir l'occasion de commenter ces règlements avant que le projet de loi antidumping entre en vigueur. Peut-être que ceci peut se faire devant ce Comité permanent ou alternativement, devant un Comité interdépartemental d'administrateurs gouvernementaux.

#### 4. *Définition de «préjudice».*

L'article 3 du Code International énonce différents critères pouvant être employés par le Tribunal antidumping pour déterminer s'il y a eu ou non un préjudice causé à la production nationale. Une disposition similaire ne semble pas être incluse dans le projet de loi. L'Association soumet qu'on devrait inclure dans la loi un article se référant à une telle considération ou alternativement le contenu de l'article 3 du Code peut être adapté au statut par référence. Ceci semble déjà avoir été fait. L'article 16 (4) de la loi adapte par référence les dispositions de l'article 4 (a) du Code qui prétend donner la définition de la production nationale.

#### 5. *Droit antidumping moindre que la marge totale.*

Il est stipulé à l'article 8 (a) du Code que tout droit antidumping imposé peut être moindre que la marge totale de dumping ci de droit moindre suffit à faire disparaître le préjudice causé à une industrie canadienne par exemple. Cet allègement ne semble pas être prévu dans la loi proposée. Nous soumettons respectueusement qu'un tel allègement devrait être inclus dans la nouvelle loi puisque le Code y réfère de façon spécifique.

#### 6. *Initiative départementale.*

L'article 13 du projet de loi traite de la procédure à suivre quant à l'ouverture d'une enquête concernant le dumping dans un cas particulier. En vertu de l'article 5 (a) du Code une enquête sera normalement ouverte à la suite d'une plainte faite par une production et seulement dans des «circonstances spéciales» le sous-ministre sur Revenu national fera ouvrir une telle enquête en agissant de sa propre initiative. Ce rôle auxiliaire du sous-ministre ne semble pas être mentionné dans l'article 13 de la loi. Puisqu'il est spécifiquement prévu dans le Code auquel le Canada a



## [Text]

Canada subscribed as a country, it is submitted that a similar provision should be included in the Canadian legislation.

7. *Interest on provisional duties returned.*

Section 15(2) of the proposed Act provides for the return of any excess provisional duty already paid by an importer under the circumstances provided therein. It is submitted that this is an appropriate case for the return of this money to an importer together with interest thereon from the date of payment of such duties. Instead of stipulating a fixed rate of interest in the wording of this subsection it is suggested that it would be preferable to provide for the payment of interest "at the rate prescribed by the regulations". This method would be consistent with more recent statutes passed by Parliament and particularly the farm lending bills presently before it.

8. *Panel of Deputy Ministers.*

This Association is mystified by the inclusion of Section 30 in the proposed Anti-Dumping Act. What is its purpose? If the Anti-Dumping Tribunal is to operate as an independent agency as it should why is it required to consult a Panel of Deputy Ministers or more junior officers selected by any of them? This is particularly so since the Tribunal is not bound by the advice given by the Panel. On principle this Association would like to record its objection to this statutory provision which might tend to lessen the independence of the Anti-Dumping Tribunal when it comes to making decisions.

9. *Demand for Dumping Duty from subsequent purchasers.*

Section 33(2) of the proposed Act provides that, if dumping duty found to be owing is not paid by the importer within 30 days after a demand for it has been made, the Minister of National Revenue may require that it be paid by any person to whom after entry into Canada of the goods they have been sold. This statutory provision could have the effect of discouraging imports and most certainly could work a hardship on some innocent third party purchaser of an imported product. It would force purchasers from an importer to seek a written assurance from the Department of National Revenue in advance of each purchase that any dumping duty had been paid. This would be an added administrative responsibility for the Department. It is understood that this provision was intended primarily to deal with a special situation where an unscrupulous importer might import goods and then go bankrupt without paying the required duty. The language presently used in Subsection (2) is not restricted

## [Text]

souscrit en tant que pays, nous soumettons qu'une condition similaire devrait être incluse dans la législation canadienne.

7. *Intérêts concernant les droits temporaires.*

L'article 15 (2) du projet de loi prévoit qu'un remboursement sur des droits temporaires déjà payés par un importateur, peut être fait dans des circonstances stipulées. Nous soumettons que ceci est un cas approprié pour le remboursement de cet argent à l'importateur ainsi que les intérêts. Au lieu de stipuler dans l'énoncé de ce paragraphe un taux fixe d'intérêts, nous désirons suggérer qu'il serait préférable de prévoir le paiement des intérêts «à un taux prescrit par les règlements». Cette méthode serait en accord avec les statuts récemment passés par le Parlement et en particulier, les bills sur les prêts agricoles.

8. *Comité consultatif de sous-ministres.*

L'Association est surprise de trouver l'article 30 dans le projet de loi antidumping. Quel est le but? Pourquoi le Tribunal antidumping qui est un organisme indépendant, comme il se doit, doit-il consulter un Comité consultatif de sous-ministres ou de fonctionnaires de son choix? Ceci est particulièrement vrai puisque le Tribunal n'est pas lié par l'avis donné par ce Comité consultatif. L'Association aimerait mentionner qu'en principe elle s'objecte à cette provision statutaire qui tend à diminuer l'indépendance du Tribunal antidumping lorsque ce dernier doit prendre des décisions.

9. *Demande d'un droit antidumping à un acheteur subséquent.*

L'article 33 (2) du projet de loi prévoit que si un droit antidumping sur des marchandises sous-évaluées n'a pas été payé par leur importateur, dans les 30 jours après que demande lui a été faite, le Ministre du Revenu national peut exiger qu'une personne à laquelle les marchandises ont été vendues, après leur entrée au Canada, paie le montant dû. Cette provision statutaire peut avoir un effet néfaste sur une tierce partie innocente qui aurait acheté un produit importé. Ceci obligerait les clients d'un importateur à obtenir avant chaque achat, une assurance écrite du Département du Revenu national déclarant qu'un droit antidumping a été payé, ce qui serait une responsabilité additionnelle pour ce Département. Nous comprenons que cette disposition avait comme premier but de pouvoir agir dans le cas d'une situation spéciale où un importateur sans scrupule pourrait importer des marchandises et ensuite faire banqueroute sans payer le droit imposé requis. La façon que le paragraphe (2) est énoncé ne le limite

[Texte]

to this point. It is submitted that this subsection as presently worded imposes an extremely heavy burden upon innocent parties.

All of which is respectfully submitted.

CANADIAN IMPORTERS ASSOCIATION  
INC.

Karl Bald  
President

Keith G. Dixon  
General Manager.

[Texte]

pas à ce cas. Nous désirons soumettre que ce paragraphe, tel que présentement énoncé, impose un fardeau très lourd aux parties innocentes.

Le tout respectueusement soumis.

ASSOCIATION DES IMPORTATEURS  
CANADIENS INC.

Karl Bald  
Président

Keith G. Dixon  
Directeur Général

[Text]

## APPENDIX Z

ELECTRONIC INDUSTRIES  
ASSOCIATION OF CANADA

Committee on Finance, Trade and Economic Affairs,  
Parliament Buildings,  
Ottawa, Canada.

Gentlemen:

## 1. INTRODUCTION

The Electronic Industries Association of Canada appreciates the opportunity to submit this statement of views, recommendations and concerns on Canada's Draft Anti-Dumping Act to your Committee.

Our Association is the national trade association of over 100 Canadian manufacturers of electronic products and equipment for consumer, industrial, commercial and defence purposes, including parts and components. Our industry products range in size from micro-miniature electronic parts and components such as resistors, capacitors, electronic tubes and semiconductors; through combination stereo-phonographs and television receivers for home entertainment; through the broad range of electronic equipment and systems for use in communications, radar, computers, navigation, broadcasting, nucleonics, space, flight simulation, medical and industrial electronics. Our industry brochure "Canadian Electronics for the World", a copy of which is enclosed for reference purposes, provides further detailed information on our Association membership, our industry and its capabilities.

We do not endeavour to submit herein comprehensive detailed comments and recommendations on the actual provisions of the Draft Anti-Dumping Act, nor on the Proposed Draft Regulations just recently published. The relatively short time available since publication of the White Paper has made it extremely difficult to prepare a detailed analysis of its provisions from a total electronics industry point of view. In any event in our efforts to do so we found that we were duplicating in large measure detailed representations of this nature from other organizations such as the Canadian Manufacturers Association.

[Interpretation]

## APPENDICE Z

ASSOCIATION CANADIENNE DES  
INDUSTRIES ÉLECTRONIQUES

Comité des finances, du commerce  
et des questions économiques,  
Édifice du Parlement,  
Ottawa (Canada).

Messieurs,

## 1. INTRODUCTION

L'Electronic Industries Association of Canada (l'Association canadienne des industries électroniques) est heureuse d'avoir l'occasion de faire part à votre Comité de ses avis, de ses recommandations et de ses inquiétudes au sujet du projet de loi antidumping.

Notre Association groupe sur le plan national plus de 100 fabricants canadiens de produits ou matériel électroniques divers destinés aux consommateurs, à l'industrie, au commerce ou à la défense, y compris les pièces et éléments composants. Notre industrie produit une vaste gamme de pièces et éléments composants qui vont des micro-miniatures électroniques comme les résistances, les condensateurs, les tubes électroniques et les semi-conducteurs jusqu'aux phonographes stéréophoniques et aux téléviseurs destinés à égayer les foyers et au grand nombre d'appareils et systèmes électroniques en usage dans les communications, par exemple, le radar, les ordinateurs, les appareils de navigation et de radiodiffusion, les appareils nucléaires ou spatiaux, les simulateurs de vol, les instruments électroniques servant à la médecine ou à l'industrie. Nous publions une brochure, *Canadian Electronics for the World*, dont un exemplaire vous est fourni en guise de référence et qui vous donne de plus amples détails sur les industries qui sont membres de notre Association, sur notre industrie elle-même et sur ce qu'elle est en mesure d'accomplir.

Nous n'essaierons pas de présenter ici par le détail un ensemble de commentaires et de recommandations visant les dispositions mêmes du projet de loi antidumping ou le projet de règlement publié tout récemment. Le temps relativement court dont nous avons disposé depuis la publication du Livre blanc n'a vraiment pas permis de préparer une analyse détaillée de la loi proposée, si l'on se place du point de vue de l'industrie électronique. D'autant plus que nous avons constaté, dans nos efforts à cet égard, que nous reprenions pour une grande part les demandes que d'autres organismes, par exemple, l'Association canadienne des manufacturiers, avaient présentées sur le sujet.



## [Texte]

We do, however, consider it of the utmost importance that our Government understand the position of the Canadian electronics manufacturing industry today with respect to dumping of foreign electronic goods into Canada and that our Government understands the vital relationship of the new anti-dumping legislation to the future of our industry. We look forward to providing any further clarification or elaboration that may be required.

## 2. GENERAL

## RESEARCH &amp; DEVELOPMENT

The Canadian electronics industry is in a unique position insofar as vulnerability to injury due to dumping is concerned. To an extent possibly greater than any other industry in Canada the electronics industry, a science based industry, is reliant upon extensive research and development in order to keep abreast of technological development both at home and abroad.

A *limited* loss of our relatively small domestic market to dumped imports can result in injury, threatened injury, or retardation of this essential function of our industry; what may appear to be a nominal reduction in sales and profits can readily impair the industry's ability to finance the increasingly higher level of research and development that is required.

This one fact alone is to us an extremely compelling example of why the anti-dumping Tribunal must have broad discretionary powers to determine what constitutes material injury in a particular set of circumstances, and what is equally important, why the Act and the Regulations must be speedily and aggressively enforced to protect the interests of our industry.

## 3. SENSITIVITY TO DUMPED IMPORTS

There are certain areas of our industry particularly vulnerable to dumped imports—from United States producers having enormous production volume at home and/or from low cost countries, particularly Japan. These areas are (1) television receivers, both black and white and color, (2) components, (3) complex electronic systems.

We have already referred to *limited* loss of domestic market due to dumped imports. We must also stress that the Canadian electronics

## [Interprétation]

Néanmoins, il importe souverainement, selon nous, que notre gouvernement sache quelle est aujourd'hui l'attitude des fabricants de produits électroniques du Canada en face du dumping de ces produits dans notre pays de la part des fabricants étrangers et aussi qu'il comprenne que la nouvelle mesure législative antidumping a un rapport essentiel avec l'avenir de notre industrie. Nous sommes prêts à fournir tout éclaircissement ou tout autre détail qu'on pourra nous demander.

## 2. GÉNÉRALITÉS

## RECHERCHES ET MISE AU POINT

L'industrie canadienne des produits électroniques se trouve dans une situation exceptionnelle pour ce qui est des préjudices auxquels elle est exposée à cause du dumping. Probablement plus que toute autre industrie du Canada, l'industrie électronique dépend de la science, de travaux de recherches et d'applications immenses pour se tenir à la page dans le domaine des progrès technologiques au pays et à l'étranger.

Le dumping d'importations qui nous ferait perdre une *faible* partie de notre marché intérieur relativement peu important peut nous causer un préjudice ou nous en menacer ou retarder cette fonction essentielle de notre industrie; et ce qui peut sembler une réduction nominale de nos ventes et de nos bénéfices peut aisément empêcher l'industrie de financer les travaux de recherches et de mise au point auxquels il faut procéder à un niveau de plus en plus élevé.

Cela seul constitue un exemple frappant qui nous fait dire pourquoi le Tribunal antidumping doit être nanti de vastes pouvoirs discrétionnaires lui permettant de décider ce qui constitue un préjudice important dans tel ou tel cas et, ce qui est également important, pourquoi la loi et le règlement doivent être appliqués sans retard et de façon énergique en vue de protéger les intérêts de notre industrie.

## 3. VULNÉRABILITÉ EN FACE DU DUMPING

Certains domaines de notre industrie sont particulièrement vulnérables en face du dumping de la part des producteurs américains dont le volume de production chez eux est énorme ou de la part de pays où le prix de revient est peu élevé, surtout le Japon. Les produits en cause sont (1) les appareils de télévision en noir et blanc ou en couleurs, (2) les éléments composants et (3) les systèmes électroniques complexes.

Nous avons déjà parlé de ce que représente une *faible* perte de notre marché intérieur à cause du dumping. Nous devons aussi insister

## [Text]

industry can be literally destroyed from *massive* dumped imports. Again therefore the essential factor in administration of the Act must be aggressive speedy enforcement.

Our industry's vulnerability respecting imports of certain products has been recognized by our Government in connection with negotiations of voluntary quota restraints with exporting countries such as Japan. Transistor radios and electronic receiving tubes are specific examples. The injury by unrestricted imports of these products did not completely result from dumping. However, it is important the industry position be clearly understood.

There are virtually no *radios* produced in Canada anymore; they are mostly imported. Canadian producers were unable to compete with low cost imports of transistor radios from Japan, despite a voluntary quota restraint by that country. This situation was not necessarily all due to dumping—the discriminatory excise tax on our consumer electronic products was a significant factor—but it helps point up the vulnerability of our industry to low cost or dumped imports.

The *television* industry has been on the verge of going the same way for some time. The essential point is not that imports, per se, are damaging to the Canadian industry, but rather that *low priced* imports are damaging to the industry. With current customs and tariff regulations, imports of television receivers from the United States have not had any particular competitive price advantage. Imports from Japan, however, have had a substantial price advantage and it is this which has permitted the phenomenal growth in TV imports from that country. Total imports of television receivers from Japan have approximately doubled in each year for the past three years—26,000 in 1965 to 53,000 in 1966 to 130,000 in 1967. TV imports from Japan have grown from 3.7% of total Canadian market in 1965 to over 25% for the first seven months of 1968. In the new color television industry 56% of the small screen sets (growth area 19" and under) sold in Canada last year were from Japan. A 56% penetration in just eighteen

## [Interpretation]

pour dire que l'industrie canadienne des produits électroniques peut être littéralement acculée à la ruine à cause d'un dumping *massif*. C'est pourquoi nous disons encore une fois qu'un des éléments importants de l'application de la loi est une action prise sans retard et de façon énergique.

Notre gouvernement a reconnu que notre industrie est vulnérable en face de l'importation de certains produits lorsqu'il a négocié certains contingents restrictifs et volontaires de la part des pays exportateurs, par exemple, le Japon. Mentionnons tout particulièrement les radios transistors et les tubes électroniques des appareils récepteurs. Le préjudice causé par l'importation sans restriction de ces articles n'avait pas entièrement le dumping pour cause. Toutefois, il importe que l'attitude de notre industrie soit bien comprise.

A vrai dire, il ne se produit plus de *radios* au Canada; à peu près tous les radios sont importés. Les producteurs canadiens n'ont pu concurrencer un pays comme le Japon où le coût de production des radios transistors est faible, même si ce pays s'est imposé de plein gré un contingent restrictif. Cet état de choses ne dépend pas nécessairement du dumping seul, parce qu'un élément important a été la taxe d'accise qui imposait un traitement inéquitable à nos consommateurs de produits électroniques; mais on voit par là comment notre industrie est vulnérable en face des pays où le prix de revient est peu élevé ou en face du dumping des importations.

Pendant un certain temps, l'industrie de la *télévision* a été sur le point de subir le même sort. Au fond, ce n'est pas qu'en soi les importations soient dommageables pour l'industrie canadienne; c'est plutôt que l'industrie est en mauvaise posture en face des importations de produits à *bas prix*. Étant donné les règlements actuels visant les douanes et le tarif douanier, les téléviseurs importés des États-Unis ne peuvent concurrencer très avantageusement avec le prix des appareils canadiens; mais, à cause de leur prix de revient, les exportateurs japonais ont eu un avantage important sur nos fabricants de téléviseurs et c'est pourquoi nous avons vu cet accroissement phénoménal des importations de téléviseurs en provenance du Japon. Depuis trois ans, nos importations de ce produit du Japon ont à peu près doublé chaque année: 26,000, en 1965; 53,000, en 1966, et 130,000, en 1967. Les importations d'appareils de télévision, qui représentaient 3.7 p. 100 de toutes les ventes canadiennes en 1965, les



## [Texte]

months from the introduction of color telecasting in Canada.

Four months ago the Department of National Revenue announced that it had completed investigation of television imports from Japan and ruled that dumping had taken place. Proper values as a basis for duty on Japanese imports have been established by the Department and Canadian industry is watching and hopeful that this will enable Canadian manufacturers to compete on relatively equal terms. Again the importance of strong, speedy administration and enforcement of the new anti-dumping legislation from our industry point of view is evident.

The components segment of our industry depends to a large measure on production of television receivers. Electronic tube manufacturers were suddenly hit with a flood of low cost imports from Japan about eight years ago. The Government subsequently recognized the situation and negotiated a voluntary quota restraint on Japanese receiving tube exports all of which were types made in Canada. The quota keeps increasing each year and the total Canadian tube market keeps decreasing. It will readily be seen that the growth of Japanese television set imports further increases the tube imports by the number of tubes contained in the imported sets. These tubes are not under quota. Obviously there are other Japanese components in these TV set imports (ruled to have been dumped) and so the component industry has been increasingly affected also.

In view of the fact the components segment of our industry depends to a large measure on production of television receivers, and that research and development in the more sophisticated fields of export electronics depends for funding on the profitability of television production, it can be seen that our concern is not just with a problem on a particular product, but with a trend which, if allowed to

## [Interprétation]

dépassaient par plus de 25 p. 100 au cours des sept premiers mois de 1968. Dans le cas de la nouvelle industrie de la télévision en couleurs, une proportion de 56 p. 100 des petits écrans (19 pouces et moins) vendus au Canada au cours de l'an dernier étaient en provenance du Japon. Dans à peine un an et demi après l'établissement de la télévision en couleurs au Canada, la pénétration représente une proportion de 56 p. 100.

Il y a quatre mois, le ministère du Revenu national a annoncé qu'il avait terminé une enquête sur les importations de téléviseurs en provenance du Japon et qu'il avait constaté l'existence du dumping. Le Ministère a établi une valeur propre sur laquelle serait fondé le droit frappant les importations japonaises et l'industrie canadienne espère bien que cette mesure permettra aux fabricants du pays de faire la concurrence en vertu de conditions relativement égales. Nous rappelons ici encore l'importance d'une action prise sans retard et avec fermeté, car il est évident que la mise en vigueur de la nouvelle loi antidumping est importante pour notre industrie.

Le secteur des éléments composants de notre industrie dépend dans une large mesure de la production des appareils de télévision. Il y a environ huit ans, les fabricants de tubes électroniques se sont trouvés soudainement inondés par le flot des importations à bon marché en provenance du Japon. Le gouvernement s'est par la suite rendu compte de la situation et il a négocié avec le Japon un accord en vertu duquel ce pays s'imposait volontairement un contingent sur les exportations de tubes destinés aux appareils récepteurs d'une espèce fabriquée au Canada. Le contingent ne cesse d'augmenter chaque année, tandis que les débouchés pour les producteurs canadiens ne cessent de décroître. On voit aisément que le chiffre des importations d'appareils de télévision du Japon entraîne plus d'importation de tubes à cause du nombre de ces tubes que contient chaque appareil importé. Ces tubes ne sont pas soumis au contingent. On sait aussi que les appareils de télévision importés (appareils ayant fait l'objet du dumping) contiennent d'autres éléments composants qui ont également subi de plus en plus à notre industrie de fabrication des pièces.

Étant donné que le secteur des pièces de notre industrie dépend dans une large mesure de la production des appareils récepteurs de télévision et qu'en outre les mises de fonds pour des travaux de recherches et de mise au point relatifs aux articles électroniques perfectionnés en vue des exportations sont en fonction des profits à obtenir de la production des appareils de télévision, il est facile de



*[Text]*

continue, will inevitably result in a general destruction of the total electronics industry in Canada.

In the more sophisticated field of complex electronics systems, communications systems for example, considerable concern has been expressed by electronics manufacturers who bid on contracts and produce and install such systems. They state that their past experience is such that it has been extremely difficult to recognize and establish that dumping has taken place with respect to systems contracts awarded to foreign competitors. These systems are a combination of engineering services, consulting fees, construction costs, towers, antennas, miscellaneous items, in addition to the various electronic equipments or black boxes. Canadian systems manufacturers may well know they are injured but have no way of knowing if this is caused by dumping.

We trust that the new legislation, regulations and Tribunal can and will be much stronger than the present legislation and regulations in this area. There is no automatic protection from dumping but we are hopeful it can provide more meaningful protection from dumping with aggressive administration of the new regulations and procedures and the operation of the new Tribunal.

#### 4. CONCLUSIONS

In summary may we leave these clear statements of what we believe to be facts concerning our industry in this matter:

(1) The Canadian electronics industry can literally be destroyed by dumped imports.

(2) Canada increasingly needs electronics for industrial, commercial, defence and consumer applications as indicated earlier. Electronics is vital to Canada's future. The question is will we manufacture our electronic requirements at home or largely import them. The trend is definitely to the latter.

(3) We all know that Canada must become a more fully industrialized manufacturing nation, and it must increase its exports of manufactured products. To accomplish this effectively in domestic and world electronic markets the Canadian electronics industry

*[Interpretation]*

voir que notre inquiétude ne se borne pas à tel ou tel produit en particulier, mais qu'elle tient compte d'une tendance qui, si l'on permet qu'elle se maintienne, entraînera inévitablement la ruine complète de l'industrie de l'électronique au Canada.

Dans le domaine perfectionné des systèmes électroniques complexes, par exemple, les réseaux de communications, les fabricants d'appareils électroniques qui présentent des soumissions, construisent et installent de tels réseaux ont exprimé beaucoup d'inquiétude. Ils déclarent qu'en vertu de leur expérience il est très difficile de dire et de prouver qu'il y a eu dumping dans le cas de contrats accordés à des concurrents étrangers pour ces systèmes, qui comprennent un ensemble de services techniques, d'honoraires d'experts-conseils, de frais d'aménagement, de tours, d'antennes et d'articles divers, outre les appareils électroniques et les ensembles contenus dans les boîtes noires. Les fabricants canadiens de systèmes peuvent très bien savoir qu'ils souffrent un préjudice, mais ils n'ont aucun moyen de savoir si le dumping en est la cause.

Nous espérons que, dans le domaine qui nous intéresse, la nouvelle loi, le nouveau règlement et le Tribunal seront beaucoup plus efficaces que ne le sont la loi et le règlement actuels. Aucune protection automatique n'existe contre le dumping; mais nous espérons qu'un recours énergétique au nouveau règlement et à la nouvelle méthode et le fonctionnement du nouveau Tribunal signifieront une protection à signaler.

#### 4. CONCLUSIONS

Pour résumer, voici un exposé bien clair des faits, qui, à notre avis, intéressent notre industrie:

(1) Le dumping des produits importés peut ruiner littéralement l'industrie des produits électroniques du Canada.

(2) Comme nous l'avons dit plus tôt, le Canada a de plus en plus besoin de produits électroniques utilisables dans l'industrie, le commerce et la défense et par les consommateurs. Les produits électroniques ont une importance essentielle pour l'avenir du pays. Il faut se demander si le Canada va produire le matériel électronique dont il a besoin ou s'il va surtout l'importer. C'est cette dernière tendance qui se produit décidément.

(3) Nous savons tous que le Canada devient de plus en plus un pays industrialisé et qu'il doit augmenter l'exportation de ses produits. Pour réussir à cet égard, sur le marché intérieur aussi bien que sur les marchés mondiaux, l'industrie électronique du Canada ne

## [Texte]

must be free not only from discriminatory taxation, referring to the excise tax on our consumer products, but also from unfair competition from dumped imports. We cannot over-emphasize the degree and immediacy of the import problems facing us.

(4) We seek no special favours. We do seek equal and fair treatment with our competitors. We make two pleas to the Committee in the matter of this new anti-dumping legislation; (a) that you endeavour to ensure that there is aggressive speedy investigation and enforcement arising from the new regulations and procedures. We believe this will be of particular importance in the period immediately following implementation of the Act which we assume will be January 1, 1969. (b) that the personnel in this administrative and perhaps quasi-judicial process include persons with a knowledge of electronics and the Canadian electronic manufacturing industry.

Respectfully submitted,

R. A. Phillips,  
President,

Electronic Industries Association of Canada

## [Interprétation]

doit pas être assujettie, non seulement à des impôts injustes (nous voulons parler de la taxe d'accise sur les produits de consommation), mais aussi à une concurrence injuste de la part des pays étrangers faisant le dumping chez-nous. Nous ne saurions trop insister sur le degré d'urgence que posent les questions d'importation auxquelles nous sommes en butte.

(4) Nous ne demandons pas de faveurs. Nous voulons être traités de façon équitable et juste en face de nos concurrents. Nous prions le Comité de considérer deux choses au sujet de cette nouvelle législation antidumping: a) que le Comité s'assure qu'on fera en sorte que, par suite du nouveau règlement et de la nouvelle façon de procéder, des enquêtes énergiques se feront rapidement, de même qu'une mise en application de la loi. À notre avis, cela sera particulièrement important au cours de la période qui suivra immédiatement l'entrée en vigueur de la loi, soit, sauf erreur, le 1<sup>er</sup> janvier 1969. b) que le personnel de cet organisme administratif et peut-être quasi judiciaire comprenne des personnes ayant une connaissance des appareils électroniques et de l'industrie canadienne de la fabrication des appareils électroniques.

Respectueusement soumis,

Le président,  
R. A. Phillips.

Association canadienne des industries électroniques.

[Text]

## APPENDIX AA

SUBMISSION OF THE SOCIETY OF THE  
PLASTICS INDUSTRY OF CANADA  
ON THE WHITE PAPER ON  
ANTI-DUMPING

The Society of the Plastics Industry of Canada appreciates the opportunity provided by the Minister of Finance to express views on the draft Anti-Dumping legislation to the Standing Committee on Finance, Trade and Economic Affairs.

The Society which is composed of companies, both large and small, representing all phases of the plastics industry from primary resins to the processors of these resins into the finished product is most interested in having suitable legislation enacted which will enable the Canadian Government to take prompt and effective action against all instances of injurious dumping.

The Society has given careful consideration to the draft legislation and wishes to register the following comments on specific sections:

## Section 5

We recommend that Section 5 be amended to provide the same period of retroactivity which is provided in Section 53.56 of the United States regulations, viz. 120 days.

## Section 7

Any such exemptions from the application of this Act as may be decided by the Governor In Council should be published in the "Canada Gazette".

## Section 13

We are in agreement with the provision contained in this section which requires the Deputy Minister to initiate an investigation into dumping on his own initiative. However, as Canadian Customs entries are now filed in regional offices, and are no longer forwarded to the Customs Division in Ottawa, we recommend that similar provision be made to extend this responsibility to each Regional Director of Customs.

## 13. (6) (a) (ii)

The Deputy Minister is required to make an investigation *forthwith*. It is equally essential that he reach his *initial opinion* in 13 (1) or his decision under 13 (2) *expeditiously*.

[Interpretation]

## APPENDICE AA

MÉMOIRE DE LA «SOCIETY OF THE  
PLASTICS INDUSTRY OF CANADA»  
(SOCIÉTÉ DE L'INDUSTRIE DES PLAS-  
TIQUES DU CANADA) SUR LE LIVRE  
BLANC RELATIF AU DUMPING

La Société de l'Industrie des plastiques du Canada est heureuse de profiter de l'occasion que lui offre le ministre des Finances d'exprimer son avis sur la mesure législative contre le dumping, au Comité permanent des finances, du commerce et des questions économiques.

Notre Société, dont font partie diverses entreprises, grandes ou petites, qui représentent tous les domaines de l'industrie des plastiques, depuis la production des résines primaires jusqu'à la transformation de ces résines en produits finis, voit d'un très bon œil l'existence d'une mesure législative qui permettra au gouvernement canadien de prendre rapidement les mesures qui s'imposent toutes les fois qu'il y a un dumping préjudiciable.

Notre Société a étudié soigneusement le projet de loi et elle veut formuler certaines observations au sujet d'articles particuliers:

## Article 5

Nous recommandons que l'article 5 prévoie la même période de rétroactivité que celle qui est prévue à l'article 53.56 du règlement des États-Unis, c'est-à-dire 120 jours.

## Article 7

Toute exemption que pourrait accorder le gouverneur en conseil au sujet de l'application de la présente loi devrait être publiée dans la *Gazette du Canada*.

## Article 13

Nous acceptons la disposition de cet article en vertu de laquelle le sous-ministre doit prendre l'initiative d'une enquête sur le dumping. Toutefois, vu qu'en ce moment les déclarations en douane au Canada sont faites aux bureaux régionaux et ne sont plus envoyées à la Division des douanes à Ottawa, nous recommandons qu'une disposition soit ajoutée en vue d'étendre cette responsabilité à chaque directeur régional des douanes.

## Article 13(6) a) (ii)

Le sous-ministre doit *immédiatement* procéder à une enquête. Il est également essentiel que, *rapidement*, il se fasse une *opinion initiale* dans le cas du paragraphe (1) de l'article 13, ou prenne une décision



## [Texte]

Also, under sub-section (6) (a) (ii) of this section we suggest that the text should be revised to read: "the margin of dumping of the goods *and* the actual or potential volume of dumped goods are negligible, or"

In our view either of these factors, the margin of dumping or the volume can be sufficient to cause injury. Accordingly, if one of these factors is present and is not negligible, the investigation should not be terminated.

## Section 14

In accordance with the change we have suggested in 13 (6) (a) (ii) it will be necessary to change 14 (1) (b) to read, "the margin of dumping of the dumped goods *or* the actual or potential volume thereof is not negligible"

so that a preliminary determination of dumping can be made where either the margin of dumping or the actual or potential volume is not negligible.

## Section 15

Where the Deputy Minister has made a preliminary determination of dumping, provisional duty should be assessed immediately. Accordingly we suggest this section should be reworded to specify that the Deputy Minister *shall demand* payment of provisional duty or posting of security *immediately upon a preliminary determination of dumping*.

## 16. (5)

This sub-section should be amended to add "complainants, if any" to the list of parties to be forwarded a copy of each order or finding, and such notice should also be published.

## Section 21

The qualifications of the members of the Tribunal will have significant bearing on the effectiveness of the Anti-Dumping Act. Consequently we believe its members should be selected with great care and should include only individuals with extensive business experience and a reputation for exercising sound judgement.

## [Interprétation]

dans le cas du paragraphe (2) de l'article 13. Aussi, au sujet du sous-alinéa (ii) de l'alinéa a) du paragraphe (6) de ce même article, nous sommes d'avis que le texte devrait plutôt se lire ainsi qu'il suit: «la marge de dumping des marchandises *et* le volume réel ou éventuel des marchandises sous-évaluées sont négligeables, ou». A notre avis, ces éléments, la marge de dumping ou le volume des marchandises, peuvent suffire à causer du préjudice. Par conséquent, si l'un de ces éléments était présent et qu'il ne fût pas négligeable, il ne faudrait pas mettre fin à l'enquête.

## Article 14

Étant donné le changement proposé au sous-alinéa (ii) de l'alinéa a) du paragraphe (6) de l'article 13, il s'ensuit qu'il faudrait modifier l'alinéa b) du paragraphe (1) de l'article 14 de façon qu'il se lise ainsi qu'il suit: «la marge de dumping des marchandises sous-évaluées *ou* le volume réel ou éventuel du dumping n'est pas négligeable», de sorte que la détermination préliminaire du dumping pourra se faire dans le cas où l'un ou l'autre de ces éléments, soit la marge de dumping *ou* le volume réel ou éventuel du dumping n'est pas négligeable.

## Article 15

Si le sous-ministre a fait une détermination préliminaire du dumping, un droit provisoire doit être établi sans retard. Nous proposons donc que cet article soit conçu de façon à préciser que le sous-ministre *est tenu d'exiger immédiatement* le paiement d'un droit provisoire ou l'inscription d'une garantie *dès la détermination préliminaire du dumping*.

## Article 16(5)

Il faudrait modifier ce paragraphe de façon à y ajouter les mots «des plaignants, s'il en est» à la liste de ceux à qui doit être envoyé le texte de chaque ordonnance ou décision, et un tel avis devrait également être publié.

## Article 21

Les titres des membres du Tribunal auront une grande portée sur la bonne application de la loi antidumping. Nous sommes donc d'avis qu'il faudrait que ces membres soient choisis avec grand soin et qu'ils devraient être pris seulement parmi des gens jouissant d'une grande expérience des affaires et d'un grand jugement.

## [Text]

## Section 30

We are disturbed by this section and believe it should be deleted from the Act, for the following reasons:

(1) Section 26 (2) provides authority for the Tribunal to obtain the advice and assistance of any agency or department of the Government of Canada. Consequently, there does not seem to be any need for a Panel.

(2) Such a procedure could cause unnecessary delay in the working of the Tribunal.

(3) The Tribunal is not bound by any advice received from the Panel.

In conclusion the Society finds the Draft Canadian Anti-Dumping Act satisfactory in that it contains the broad discretionary powers necessary to effectively protect the Canadian industries. However, its effectiveness will depend largely upon the manner in which it is administered. Therefore, it is of the utmost importance that the authorities responsible for this administration should not only be fully qualified to properly discharge their duties but should also be prepared and willing to do this aggressively, with Canada's best interest in mind.

November 8, 1968

## [Interpretation]

## Article 30

Cet article nous inquiète et voici pourquoi, à notre avis, il faudrait le supprimer:

(1) Le paragraphe (2) de l'article 26 donne au Tribunal l'autorité nécessaire pour obtenir l'avis et l'assistance de tout organisme ou ministère du gouvernement du Canada.

L'existence d'un Comité consultatif est donc inutile.

(2) Une telle façon de procéder peut entraîner des délais inutiles dans le travail du Tribunal.

(3) Les avis du Comité consultatif ne lient aucunement le Tribunal.

Pour conclure, nous disons que notre Société est satisfaite du projet de loi antidumping, étant donné qu'il prévoit de vastes pouvoirs discrétionnaires nécessaires pour protéger comme il convient les industries canadiennes. Toutefois, l'efficacité de la loi dépendra beaucoup de la façon dont on l'appliquera. Il est donc très important que ceux qui seront chargés d'appliquer cette loi aient non seulement tous les titres voulus pour se bien acquitter de leurs fonctions, mais qu'ils soient aussi capables et désireux d'accomplir leur tâche de façon résolue, en songeant aux intérêts bien compris du Canada.

Le 8 novembre 1968.

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MINUTES OF PROCEEDINGS  
AND EVIDENCE

This official bilingual edition contains the speeches as delivered in the English or French language in the left-hand column of each page of Evidence. The right-hand column of each page of Evidence utilizes the oral translations rendered by Simultaneous Interpreters with minor necessary revisions only. For the Minutes of Proceedings, the English text appears in the left-hand column and the French text or Translation on the right.

The purpose of this format is to make available simultaneously the Minutes of Proceedings and Evidence in both languages.

This edition is available by subscription to the Queen's Printer.

PROCÈS-VERBAUX ET  
TÉMOIGNAGES

Cette édition bilingue officielle présente les interventions faites en français ou en anglais dans la colonne de gauche de chaque page. D'autre part, dans la colonne de droite, on utilise la transcription *in extenso* de l'interprétation simultanée à laquelle n'ont été apportées que de légères modifications de style ou de grammaire. Le texte anglais des procès-verbaux apparaît dans la colonne de gauche et le texte français ou la traduction dans la colonne de droite.

Le but de cette formule est d'accélérer la publication simultanée des procès-verbaux et témoignages dans les deux langues.

Cette édition peut être obtenue de l'Imprimeur de la Reine.

*Le Greffier de la Chambre,*

ALISTAIR FRASER,

*Clerk of the House.*

OFFICIAL BILINGUAL ISSUE  
(see panel on back cover)

HOUSE OF COMMONS  
First Session

Twenty-eighth Parliament, 1968

STANDING COMMITTEE  
ON

FINANCE, TRADE  
AND  
ECONOMIC AFFAIRS

Chairman: Mr. Gaston Clermont

MINUTES OF PROCEEDINGS  
AND EVIDENCE  
No. 13

THURSDAY, NOVEMBER 28, 1968

*Respecting*  
White Paper on Anti-dumping

*Witnesses:*

*Representatives of the Canadian Basic Steel Industry:* Messrs. C. Ross Craig, Executive Vice-President, Commercial, Dominion Foundries & Steel Ltd.; George L. Waters, Manager Commercial Planning & Research, The Steel Co. of Canada Ltd.; C. Carson Weeks, Vice-President, Sales, The Algoma Steel Corporation Ltd.; William J. Moloughney, General Manager, Marketing, Dominion Steel and Coal Corporation Ltd. *Representing Atlas Steels Company:* Allan V. Orr, Vice-President, Sales and Marketing; Frank J. Abbinett, Manager, Traffic and Customs. *Representing the Machinery & Equipment Manufacturers' Association of Canada:* Messrs. G. D. Lewis, President; P. J. Slaughter, Vice-President; F. W. Cranston; J. P. Finnigan, Past President. *From James Howden and Parsons of Canada Ltd.:* Mr. J. H. Fulcher, Director and General Commercial Manager. *From the Canadian Federation of Agriculture:* Messrs. J. M. Bentley, President and David Kirk, Executive Secretary. *And also:* Messrs. A. R. Hind, Assistant Deputy Minister, Department of National Revenue (Customs and Excise) and C. D. Arthur, International Economic Relations Division, Department of Finance.

FASCICULE BILINGUE OFFICIEL  
(voir au verso du fascicule)

CHAMBRE DES COMMUNES  
Première session de la  
vingt-huitième législature, 1968

COMITÉ PERMANENT  
DES

FINANCES, DU COMMERCE  
ET DES  
QUESTIONS ÉCONOMIQUES

Président: M. Gaston Clermont

PROCÈS-VERBAUX ET  
TÉMOIGNAGES  
N° 13

RÉUNIONS DU  
JEUDI 28 NOVEMBRE 1968

*Concernant*  
Le Livre blanc sur l'antidumping

*Témoins:*

*Représentant l'industrie canadienne de l'acier de base:* MM. C. Ross Craig, vice-président exécutif, division commerciale, *Dominion Foundries and Steel Ltd.:* George L. Waters, gérant, section du commerce, de la planification et de la recherche, *The Steel Co. of Canada Ltd.;* C. Carson Weeks, vice-président, ventes, *The Algoma Steel Corporation Ltd.;* William J. Moloughney, gérant général, commercialisation, *Dominion Steel and Coal Corporation Ltd. Représentant la Société Atlas Steels:* Allan V. Orr, vice-président, et directeur des ventes et de la commercialisation; Frank J. Abbinett, gérant, trafic et douanes. *Représentant l'Association des fabricants canadiens de machines et de matériel:* MM. G. D. Lewis, président; P. J. Slaughter, vice-président; F. W. Cranston; J. P. Finnigan, ex-président. *De la société James Howden and Parsons of Canada Ltd.:* M. J. H. Fulcher, directeur et gérant commercial général. *De la Fédération canadienne de l'agriculture:* MM. J. M. Bentley, président et David Kirk, secrétaire exécutif. *Et aussi:* MM. A. R. Hind, sous-ministre adjoint, ministère du Revenu national (Douanes et Accise), et C. D. Arthur, division des relations économiques internationales, ministère des Finances.

ROGER DUHAMEL, F.R.S.C.  
Queen's Printer and Controller of Stationery  
Imprimeur de la reine et contrôleur de la papeterie  
Ottawa, 1968

STANDING COMMITTEE ON  
FINANCE, TRADE  
AND  
ECONOMIC AFFAIRS

*Chairman:* Mr. Gaston Clermont

*Vice-Chairman:* Mr. Alastair Gillespie

and Messrs.

Blair,  
Burton,  
Comtois,  
Danson,  
Downey,  
Flemming,

Gauthier,  
Gillespie,  
Gray,  
Hales,  
Harkness,  
Howard (*Okanagan  
Boundary*),

*La secrétaire du comité,  
Dorothy F. Ballantine,  
Clerk of the Committee.*

COMITÉ PERMANENT DE LA  
FINANCE, DU COMMERCE  
ET DES  
QUESTIONS ÉCONOMIQUES

*Président:* M. Gaston Clermont

*Vice-président:* M. Alastair Gillespie

et MM.

Lambert (*Edmonton  
West*),  
Latulippe,  
McBride,\*  
Portelance,  
Roberts,  
Saltsman,  
Trudel—(20).

\*Replaced Mr. Émard on November  
27, 1968.

\*Remplace M. Émard, le 27 novembre  
1968.



ORDER OF REFERENCE

WEDNESDAY, November 27, 1968.

*Ordered*,—That the name of Mr. McBride be substituted for that of Mr. Émard on the Standing Committee on Finance, Trade and Economic Affairs.

ATTEST:

ORDRE DE RENVOI

Le MERCREDI 27 novembre 1968

*Il est ordonné*,—Que le nom de M. McBride soit substitué à celui de M. Émard sur la liste des membres du comité permanent des finances, du commerce et des questions économiques.

ATTESTÉ:

*Le Greffier de la Chambre des communes,*  
ALISTAIR FRASER,  
*The Clerk of the House of Commons.*



(Text)

## MINUTES OF PROCEEDINGS

THURSDAY, November 28, 1968.  
(21)

The Standing Committee on Finance, Trade and Economic Affairs met at 9:42 a.m. this day, the Chairman, Mr. Clermont, presiding.

*Members present:* Messrs. Burton, Clermont, Comtois, Danson, Downey, Flemming, Gillespie, Gray, Harkness, Howard, (*Okanagan Boundary*), Lambert (*Edmonton West*), McBride, Portelance, Roberts, Saltsman—(15).

*Also present:* Messrs. Alexander, Asselin and Ritchie.

*In attendance: Representatives of the Canadian Basic Steel Industry:* Messrs. C. Ross Craig, Executive Vice-President, Commercial, Dominion Foundries and Steel Ltd.; George L. Waters, Manager Commercial Planning and Research, The Steel Co. of Canada Ltd.; C. Carson Weeks, Vice-President, Sales, The Algoma Steel Corporation Ltd., William J. Moloughney, General Manager, Marketing, Dominion Steel and Coal Corporation, Ltd.; and also: R. Merlin McCracken, Assistant to Vice-President, Sales, The Algoma Steel Corporation, Ltd.; Robert C. Decker, Vice-President, Marketing, Dominion Steel and Coal Corporation Ltd., Robert C. Varah, Assistant to Executive Vice-President, Commercial and Manager, Marketing Services; and, John A. Armstrong, International Marketing, Dominion Foundries and Steel Ltd.; Kenneth B. MacNaughton, Vice-President, Sales, The Steel Company of Canada Ltd. *Representing Atlas Steels Company:* Allan V. Orr, Vice-President, Sales and Marketing; Frank J. Abbinett, Manager, Traffic and Customs.

*Also in attendance: From the Department of National Revenue (Customs and Excise):* Messrs. A. R. Hind, Assistant Deputy Minister; M. T. Keam, Director, Customs Appraisal Division; H. D. Mac-

(Traduction)

## PROCÈS-VERBAUX

Le JEUDI 28 novembre 1968  
(21)

Le Comité permanent des finances, du commerce et des questions économiques, se réunit ce matin à 9 h. 42 sous la présidence de M. Clermont.

*Présents:* MM. Burton, Clermont, Comtois, Danson, Downey, Flemming, Gillespie, Gray, Harkness, Howard (*Okanagan Boundary*), Lambert (*Edmonton-Ouest*), McBride, Portelance, Roberts, Saltsman—(15).

*Aussi présents:* MM. Alexander, Asselin et Ritchie.

*Et aussi: représentant l'industrie canadienne de l'acier de base:* MM. C. Ross Craig, vice-président exécutif, division commerciale, *Dominion Foundries and Steel Ltd.*; George L. Waters, gérant, section du commerce, de la planification et de la recherche, *The Steel Co. of Canada Ltd.*; C. Carson Weeks, vice-président, ventes, *The Algoma Steel Corporation Ltd.*, William J. Moloughney, gérant général, commercialisation, *Dominion Steel and Coal Corporation Ltd.*; et aussi: R. Merlin McCracken, adjoint au vice-président, ventes, *The Algoma Steel Corporation Ltd.*; Robert C. Decker, vice-président, commercialisation, *Dominion Steel and Coal Corporation Ltd.*; Robert C. Varah, adjoint au vice-président exécutif, commerce, et gérant, services de commercialisation; John A. Armstrong, commerce international, *Dominion Foundries and Steel Ltd.*; Kenneth B. MacNaughton, vice-président, ventes, *The Steel Company of Canada Ltd.* *Représentant la Société Atlas Steels:* Allan V. Orr, vice-président, et directeur des ventes et de la commercialisation; Frank J. Abbinett, gérant, trafic et douanes.

*Et aussi: du ministère du Revenu national (Douanes et Accise):* MM. A. R. Hind, sous-ministre adjoint; M. T. Keam, directeur, division de l'appréciation (Douanes); H. D. MacDermid, chef, section



Dermid, Chief, Valuation Section; *From the Department of Finance*: C. D. Arthur, International Economic Relations Division; *From the Department of Industry*: V. R. St. Louis, Office of Industrial Policy; *From the Department of Trade and Commerce*: C. J. Kelly, Office of Area Relations.

The Chairman tabled letters received from the British High Commission, the Society of the Plastics Industry of Canada and Canadian Westinghouse Co. Ltd. On motion of Mr. Lambert, seconded by Mr. Howard (*Okanagan Boundary*),

*Resolved*,—that the letters tabled by the Chairman be printed as appendices to this day's Minutes of Proceedings and Evidence. (*See Appendices BB, CC, DD and EE*)

The Committee resumed consideration of the White Paper on Anti-Dumping and the representatives of the basic steel industry were called and introduced. Mr. Craig made a brief opening statement.

In accordance with the resolution of October 24, 1968, the brief of the steel industry is attached as *Appendix FF*. Letters filed with the Committee by the Algoma Steel Corporation Ltd. and Dominion Foundries and Steel Ltd. are also attached as *Appendices GG and HH*.

During the questioning Messrs. Craig, Waters, Weeks and Moloughney answered questions. Messrs. Hind and Arthur also answered questions directed to them.

The questioning having been concluded, the Chairman thanked the witnesses, who withdrew.

Messrs. Orr and Abbinett of Atlas Steels Company were called and Mr. Orr made a brief statement and answered questions directed to him by the Committee. The brief of Atlas Steels is attached hereto as *Appendix II*.

At the conclusion of the questioning, the Chairman thanked the witnesses who then withdrew.

de l'évaluation; *du ministère des Finances*: C. D. Arthur, division des relations économiques internationales; *du ministère de l'Industrie*: V. R. St. Louis, bureau de la politique industrielle; *du ministère du Commerce*: C. J. Kelly, bureau des relations régionales.

Le président dépose des lettres reçues du Haut-Commissariat de la Grande-Bretagne, de la Société industrielle de plastique du Canada et de la *Canadian Westinghouse Ltd*. Sur une proposition de M. Lambert, appuyée par M. Howard (*Okanagan Boundary*),

*Il est résolu*,—Que les lettres déposées par le président seront imprimées en appendice aux procès-verbaux et témoignages. (*Voir appendices BB, CC, DD et EE*).

Le Comité reprend l'examen du Livre blanc sur l'antidumping. On présente les représentants de l'Industrie de l'acier de base. M. Craig fait un bref exposé.

Conformément à la résolution du 24 octobre 1968, le mémoire de l'Industrie de l'acier figure en appendice aux procès-verbaux et témoignages. (*Voir appendice FF*). Les lettres expédiées au Comité par l'*Algoma Steel Corporation* et la *Dominion Foundries and Steel Ltd.*, figureront elles aussi en appendice. (*Voir appendices GG et HH*).

Suit une période de questions et MM. Craig, Waters, Weeks et Moloughney sont interrogés. MM. Hind et Arthur ont aussi à répondre à quelques questions.

L'interrogatoire terminé, le président remercie les témoins qui se retirent alors.

MM. Orr et Abbinett d'*Atlas Steels* sont appelés à témoigner, et M. Orr fait un bref exposé avant de répondre aux questions des membres du Comité. Le mémoire d'*Atlas Steels* figure à l'appendice II.

Une fois l'interrogatoire terminé, le président remercie les témoins qui se retirent.

At 12:35 p.m. the Committee adjourned until 2:00 p.m. this day.

A midi trente-cinq, le Comité s'ajourne jusqu'à deux heures de l'après-midi.

*La secrétaire du Comité,*  
Dorothy F. Ballantine  
*Clerk of the Committee.*

#### AFTERNOON SITTING (22)

The Committee resumed at 2.20 p.m., the Chairman, Mr. Clermont, presiding.

*Members present:* Messrs. Burton, Clermont, Comtois, Danson, Downey, Flemming, Gillespie, Gray, Hales, Harkness, Howard (*Okanagan Boundary*), McBride, Portelance, Roberts, Saltsman, Trudel—(16).

*Also present:* Mr. Eugene Whelan, M.P.

*In attendance: Representing the Machinery and Equipment Manufacturers' Association of Canada:* Messrs. G. D. Lewis, President; J. P. Finnigan, Past President; H. J. A. Chambers, Past President; P. J. Slaughter, Vice-President; F. W. Cranston, and C. A. Peck, General Manager. *From the James Howden and Parsons of Canada Limited:* Mr. J. H. Fulcher, Director and General Commercial Manager; and *From the Canadian Federation of Agriculture:* Messrs. David Kirk, Executive Secretary, and J. M. Bentley, President.

*Also in attendance:* The same Government officials as at morning sitting.

The Chairman introduced Mr. G. D. Lewis, President of the Machinery and Equipment Manufacturers' Association of Canada who introduced the members of his Association. Mr. Lewis then made a brief introduction and resumé of his brief, following which he and the officials of his association were questioned by the Committee.

In accordance with the resolution of October 24, 1968, the submission of the Machinery and Equipment Manufacturers' Association was made an appendix. (*See Appendix JJ*)

#### SÉANCE DE L'APRÈS-MIDI (22)

Le Comité reprend son travail à 2 h. 30 de l'après-midi sous la présidence de M. Clermont.

*Présents:* MM. Burton, Clermont, Comtois, Danson, Downey, Flemming, Gillespie, Gray, Hales, Harkness, Howard (*Okanagan Boundary*), McBride, Portelance, Roberts, Saltsman, Trudel—(16).

*Aussi présent:* M. le député Eugene Whelan.

*Et aussi: représentant l'Association des fabricants canadiens de machines et de matériel:* MM. G. D. Lewis, président; J. P. Finnigan, ex-président; H. J. A. Chambers, ex-président; P. J. Slaughter, vice-président; F. W. Cranston et C. A. Peck, gérant général. *De la société James Howden and Parsons of Canada Ltd.:* M. J. H. Fulcher, directeur et gérant commercial général; *de la Fédération canadienne de l'agriculture:* M. David Kirk, secrétaire exécutif; et M. J. M. Bentley, président.

*Et aussi:* les mêmes hauts-fonctionnaires du gouvernement que ce matin.

Le président présente M. G. D. Lewis, président de l'Association des fabricants canadiens de machines et de matériel qui fait connaître les membres de son association avant de prononcer un bref exposé résumant le mémoire de l'Association. M. Lewis, et les autres représentants de l'Association répondent aux questions des membres du Comité.

Conformément à la résolution du 24 octobre 1968, le mémoire de l'Association des fabricants canadiens de machines et de matériel figure en appendice. (*Voir appendice JJ*).



At 4.15 p.m., the Chairman thanked Mr. Lewis and his officials and invited Mr. Gillespie, the Vice-Chairman, to assume the Chair.

The Vice-Chairman then suggested and it was

*Agreed*,—That the Committee recess for five minutes.

At 4.25 p.m., the Committee resumed, and the Vice-Chairman invited Mr. J. H. Fulcher, Director and General Commercial Manager of Howden and Parsons to come forward and address the Committee. Mr. Fulcher made a statement introducing and summarizing his brief.

In accordance with the resolution of October 24, 1968, the submission of James Howden and Parsons of Canada Ltd was made an appendix. (*See Appendix KK*)

During the questioning of Mr. Fulcher by the Committee, Mr. Fulcher agreed to supply a written answer to the Committee in response to a question by Mr. Hales, the answer to be incorporated in the proceedings.

Following the questioning by the Committee, the Vice-Chairman thanked Mr. Fulcher for his presentation and invited Messrs. David Kirk and J. M. Bentley, Executive Secretary and President respectively of the Canadian Federation of Agriculture, to come forward to make their presentation. Mr. Bentley made an introductory statement, following which, he and Mr. Kirk were questioned by the Committee.

Following discussion, it was

*Agreed*,—That the Committee would return later to a study of Canada's Trade pacts, in particular the Canadian-Australian Trade Pact, and its effect on and ramifications re the proposed anti-dumping legislation; when that information would be available.

In accordance with the resolution of October 24, 1968, the submission of the Canadian Federation of Agriculture was made an appendix. (*See Appendix LL*)

Mr. Hales moved, seconded by Mr. Burton,

That the Committee adjourn and resume after the supper recess.

A 4 h. 15, le président remercie M. Lewis et les autres représentants de l'Association, et invite le vice-président, M. Gillespie, à assumer la présidence.

Le vice-président propose alors et

*Il est décidé*,—Que le Comité suspende sa séance pendant cinq minutes.

A 4 h. 25, le travail reprend et le vice-président invite M. J. H. Fulcher, directeur et gérant commercial général de *Howden and Parsons* à porter la parole devant le Comité. M. Fulcher explique et résume son mémoire.

Conformément à la résolution du 24 octobre 1968, le mémoire de *James Howden and Parsons of Canada Ltd.*, figure en appendice (*Voir appendice KK*).

Pendant la période de questions, M. Fulcher accepte de répondre par écrit à une question de M. Hales, et que le texte de sa réponse figure aux procès-verbaux.

La période de questions terminée, le vice-président remercie M. Fulcher et invite M. David Kirk et M. J. M. Bentley, respectivement secrétaire exécutif et président de la Fédération canadienne de l'agriculture à venir présenter un exposé. M. Bentley prend la parole puis répond ensuite aux questions en compagnie de M. Kirk.

Après discussion,

*Il est décidé*,—Que le Comité reprendra plus tard l'examen des ententes commerciales du Canada, en particulier de l'entente avec l'Australie et de ses incidences sur le projet de loi antidumping, lorsqu'on possédera les renseignements nécessaires.

En application de la résolution du 24 octobre 1968, on fait un appendice du mémoire de la Fédération canadienne de l'Agriculture. (*Voir appendice LL*).

M. Hales propose, appuyé par M. Burton,

Que le Comité s'ajourne pour le souper.



It was negatived, on division.

Throughout the questioning by all witnesses, Messrs. Hind and Arthur made comments and answered questions at the request of the Committee.

At 7.00 p.m., the Vice-Chairman thanked the representatives of the Canadian Federation of Agriculture for their presentation and adjourned the Committee to the call of the Chair.

La proposition est rejetée sur division.

Durant la période de questions, MM. Hind et Arthur donnent des éclaircissements et répondent aux questions du Comité.

A 7 heures du soir, le vice-président remercie les représentants de la Fédération canadienne de l'agriculture et propose l'ajournement.

*Le secrétaire intérimaire du Comité,*

Timothy D. Ray

*Clerk of the Committee pro tempore*



## EVIDENCE

(Recorded by Electronic Apparatus)

Thursday, 28 November, 1968.

● 0942

**The Chairman:** Good morning gentlemen. Yesterday and this morning I received three letters dealing with the White Paper. One is from the British High Commission, another one is from the Society of the Plastics Industry of Canada, and the third one is from Canadian Westinghouse Company Limited. May I suggest they be printed as an appendix.

**Mr. Danson:** Mr. Chairman, we have copies of the letters from the Canadian Westinghouse Company Limited and the British High Commission.

**The Chairman:** The third one was delivered to me only this morning. We hope that during the proceedings everyone will be given a copy of the letter from the Society of the Plastics Industry of Canada.

**Mr. Danson:** Will they go into the record?

**Mr. Gray:** Mr. Chairman, I would suggest that arrangements be made to copy the third letter and have it circulated forthwith. Perhaps before we adjourn this morning we can decide what to do with these letters. Following our usual practice, if they pertain to the proceedings before the Committee, we could print them in our Proceedings. May I suggest that we proceed along these lines, and in the meantime we can hear from the witnesses before us.

I note that the letter you refer to as coming from the British High Commission comes from the minister for commercial matters attached to the High Commission.

**The Chairman:** I mentioned three letters, but it should be four.

**Mr. Gray:** What I said can apply to the fourth one, too.

**The Chairman:** Gentlemen, we have with us this morning representatives of the Canadian basic steel industry. On my right is Mr. R. Ross Craig, Executive Vice-President Commercial, Dominion Foundries and Steel Limited, Hamilton, Ontario. I will ask him to introduce the other representatives with him.

[Interprétation]

## TÉMOIGNAGES

(Enregistrement électronique)

Le jeudi 28 novembre 1968

**Le président:** Bonjour messieurs. Hier et ce matin, j'ai reçu trois lettres au sujet du Livre Blanc. L'une du haut-commissariat de la Grande-Bretagne, l'autre de la Société des industries des plastiques du Canada, et la troisième de la *Canadian Westinghouse Company Ltd.* Je propose qu'on les fasse imprimer en appendice.

**M. Danson:** Monsieur le président, nous avons des exemplaires des lettres de la *Canadian Westinghouse Company* et du haut-commissariat de la Grande-Bretagne.

**Le président:** La troisième ne m'a été livrée que ce matin. Nous espérons qu'au cours des délibérations tout le monde recevra un exemplaire de la lettre de la Société des industries des plastiques du Canada.

**M. Danson:** Va-t-on les faire imprimer en appendice à nos délibérations?

**M. Gray:** Monsieur le président, je propose que l'on fasse photocopier la troisième lettre et que l'on nous en distribue des exemplaires immédiatement. Peut-être pourrions-nous décider ce que nous allons faire de ces lettres avant la fin de la séance de ce matin. Selon l'usage, nous pourrions, si elles se rapportent aux délibérations du Comité, les faire imprimer en appendice au compte-rendu. En attendant, je propose que nous entendions les témoins.

Je vois que la lettre du haut-commissariat de Grande-Bretagne vient, plus précisément, du ministre des affaires commerciales attaché au haut-commissariat.

**Le président:** J'ai parlé de trois lettres, mais, en fait, il y en a quatre.

**M. Gray:** Ce que j'ai dit peut aussi s'appliquer à la quatrième.

**Le président:** Messieurs, nous avons avec nous ce matin des représentants de l'industrie canadienne de l'acier. À ma droite, M. R. Ross Craig, vice-président exécutif (section commerciale) de la *Dominion Foundries and Steel Limited* de Hamilton, Ontario. Je vais lui demander de bien vouloir présenter ses collaborateurs.



[Text]

Mr. R. Ross Craig (Executive Vice-President Commercial, Dominion Foundries and Steel Limited, Hamilton, Ontario): I will introduce the other members of our group, and I would ask them to stand as I do so.

• 0945

Mr. C. Carson Weeks, Vice-President of Sales of the Algoma Steel Corporation Limited, and Mr. R. Merlin McCracken, Assistant to the Vice-President of Sales, Algoma Steel Corporation Limited; from the Dominion Steel and Coal Corporation Limited, Mr. Robert W. Decker, Vice-President, Sales and Marketing, and Mr. William J. Moloughney, General Manager of Marketing; from Steel Company of Canada Limited, Mr. Kenneth B. MacNaughton, Vice-President of Sales, and Mr. George L. Waters, Manager, Commercial Planning and Research; from Dominion Foundries and Steel Limited, Mr. R. C. Varah, Assistant to Executive Vice-President, Commercial and Manager of Marketing Services, and Mr. John A. Armstrong, International Marketing.

Gentlemen, the four major steel producers represented here are competitors in the domestic market. We are in continuous battle for customers' orders and strive for improvement of our own company's status in the market place. We are faced with competition in the Canadian market from foreign producers. Most of the foreign competition arises from price advantage. Each of us endeavours to combat foreign competition to the best of his ability. Even so, about 16 per cent of the steel consumed in Canada comes from foreign sources.

In this presentation, we four competitors have combined our efforts in recognition of the fact that insidious foreign competition, dumped competition, is not only an industry problem but a national problem.

Competition from foreign competitors is sharp now and will be for many years. Steel producers in many countries have expanded their productive capacity far beyond the needs of their own domestic markets. To utilize this surplus productive capacity, export orders are sought at price levels which frequently, in our opinion, are below the prices obtained on their sales in their own domestic markets.

Under current anti-dumping legislation we believe that the Department of National Revenue has applied anti-dumping measure in some instances. It is our contention that dumping is much more prevalent than has been recognized. Dumping is usually defined

[Interpretation]

M. Ross Craig (vice-président exécutif (section commerciale) de la Dominion Foundries and Steel Limited de Hamilton, Ontario): Je vais vous présenter les membres de notre délégation, et je leur demanderai de se lever au fur et à mesure.

M. C. Carson Weeks, vice-président de la section des ventes de l'*Algoma Steel Corporation Limited* et M. R. Merlin McCracken, adjoint du vice-président de la section des ventes de l'*Algoma Steel Corporation Limited*; de la *Dominion Steel and Coal Corporation Limited*, M. Robert W. Decker, vice-président de la section des ventes et des services des marchés; et M. William J. Moloughney, directeur général des services des marchés; de la *Steel Company of Canada Limited*, M. Kenneth B. MacNaughton, vice-président de la section des ventes; M. George L. Waters, gérant de la planification commerciale et de la recherche; de la *Dominion Foundries and Steel Limited*, M. R. C. Varah, adjoint du vice-président (commerce) et gérant des Services de commercialisation, et M. John A. Armstrong, commercialisation internationale.

Messieurs, les quatre principaux producteurs d'acier représentés ici sont des concurrents sur le marché domestique. Nous nous battons constamment pour obtenir les commandes des clients et nous tâchons d'améliorer notre propre statut sur le marché. Nous nous heurtons à la concurrence des producteurs étrangers sur le marché canadien. La plus grande partie de la concurrence vient des avantages de prix. Chacun d'entre nous essaye de combattre la concurrence étrangère de son mieux, et même à cela, environ 16 p. 100 de l'acier employé au Canada vient de sources étrangères.

Dans cette présentation, nous, quatre concurrents, avons combiné nos efforts en reconnaissant que la concurrence insidieuse de la part des pays étrangers, celle du dumping, constitue un problème non seulement pour l'industrie, mais aussi pour la nation.

La concurrence des étrangers est très acharnée et le sera pour un grand nombre d'années à venir. Les producteurs d'acier dans un grand nombre de pays ont amélioré leurs capacités de production bien au-delà des besoins de leurs propres marchés. Afin d'utiliser cette production excédentaire, ils cherchent à l'exporter à des prix qui, à notre avis, sont souvent inférieurs à ceux qu'ils obtiennent sur leurs propres marchés domestiques.

D'après la loi actuelle sur l'antidumping, nous croyons que le ministère du Revenu national a appliqué des mesures antidumping dans certains cas. Nous prétendons que le dumping est beaucoup plus courant que l'on ne reconnaît. Le dumping est souvent défini

*[Texte]*

as the difference between export price and normal price in the home market. In our brief we have taken exception to some of the draft Canadian regulations proposed, in that deductions permitted from home market prices improperly reduce the level of normal value.

We think of freight deductions permitted, deductions recognizing methods of distribution for the Canadian market different from those in the home country, third country pricing, and so on. We are concerned that under current legislation, and so far as we can see under the proposed new legislation, so much responsibility is being accepted by the Department of National Revenue in determining home market prices and normal values.

We are in full sympathy with them in the problems that they experience and will continue to experience. Many foreign countries do not follow the open pricing system to which we are accustomed in Canada. Prices vary from transaction to transaction. We understand that government investigators are often frustrated in their attempts to obtain definite pricing information from foreign producers. Much time is lost in these investigations.

We submit that the Canadian antidumping legislation should enable the Department of National Revenue to demand information on home market prices and normal values with applicable penalty to the importer if he, or his principals, fail to comply or supply misleading information.

## ● 0950

We are also concerned that investigations of dumped competition can be terminated by the Deputy Minister of National Revenue if he is of the opinion that there is insufficient evidence of material injury. Our brief contends that the Department of National Revenue should concentrate on the facts of dump and let the measurement of injury be the responsibility of the Tribunal.

We are also concerned with the question of compensatory arrangements between importers and exporters. These can take many forms and can result in actual dump when formal documentation does not show dump. We wonder if the proposed Canadian anti-dumping legislation gives the power to investigate such arrangements when they cannot be tied down to individual import transactions. We can be

*[Interprétation]*

comme la différence entre le prix d'exportation et le prix normal sur le marché domestique. Dans notre mémoire, nous nous objectons à certains règlements que l'on propose d'appliquer au Canada, les déductions permises sur les prix du marché domestique qui réduisent abusivement le niveau de la valeur normale.

Nous parlons des déductions permises sur le transport, déductions qui reconnaissent des méthodes de distribution sur le marché canadien différentes de celles qui sont appliquées sur le marché d'origine, de la fixation des prix dans un pays tiers, etc. Nous nous inquiétons du fait que, d'après la loi actuelle et, autant que nous puissions prévoir la mesure législative proposée, le ministère du Revenu national accepte trop de responsabilités dans la détermination des prix et de la valeur normale sur le marché intérieur.

Nous sympathisons avec le ministère dans les difficultés qu'il éprouve et qu'il continuera de connaître. Un grand nombre de pays ne suivent pas nos pratiques de fixation des prix. Les prix varient d'une transaction à l'autre, nous comprenons que les enquêteurs du gouvernement se sentent souvent frustrés dans leurs efforts pour obtenir des renseignements précis sur les prix des producteurs étrangers. On perd beaucoup de temps au cours de ces enquêtes.

Nous émettons l'opinion que la législation antidumping du Canada devrait permettre au ministère du Revenu national d'exiger des renseignements au sujet des prix et des valeurs normales dans les pays d'origine, et d'imposer des pénalités applicables à l'importateur si celui-ci ou ses agents, ne donne pas les renseignements demandés, ou donne de faux renseignements.

Nous nous inquiétons également du fait que les enquêtes sur la concurrence des marchandises sous-évaluées peuvent être arrêtées par le sous-ministre du Revenu national si, dans son opinion, il n'y a pas de preuves suffisantes de préjudice sensible. Notre mémoire soutient que le ministère du Revenu national devrait se concentrer sur le fait du dumping et laisser le Tribunal apprécier le préjudice.

Nous nous inquiétons aussi de la question des dispositions compensatoires entre les importateurs et les exportateurs. Ces dispositions prennent diverses formes et peuvent entraîner du véritable dumping même si les documents officiels ne l'indiquent pas. Nous nous demandons si la législation canadienne antidumping proposée donne au ministère le pouvoir de faire enquête sur ces dispositions



[Text]

sure that foreign producers, many of whom have been very fearful of the current Canadian anti-dumping legislation, will be testing the new legislation. We suggest that it is in the interest of Canada to minimize dumping into our own domestic markets and, as domestic producers, we are pleased to appear before you for discussions of our brief.

**The Chairman:** Thank you, Mr. Craig. Are there any general comments from government officials, either Mr. Arthur from the Department of Finance or Mr. Hind who is Assistant Deputy Minister of the Department of National Revenue?

**Mr. C. D. Arthur (International Economic Relations Division, Department of Finance):** Not at this point, sir.

**The Chairman:** Mr. Hind?

**Mr. A. R. Hind (Assistant Deputy Minister Customs, Department of National Revenue):** No, sir. I think some questions will arise as we go through the paper clause by clause.

**The Chairman:** Are there any other comments, Mr. Craig, from representatives of the steel industry?

**Mr. Craig:** No, sir.

**The Chairman:** Thank you. Gentlemen, you are familiar with the brief presented by the steel industry. Some references are made to section 13, subparagraph (1), page 58; sections 18 and 19, as well as references to the regulation. My suggestion is that we deal with the sections of the White Paper first and then deal with the regulations. Is that agreeable to you, gentlemen? Yes, Mr. Gray?

**Mr. Gray:** Mr. Chairman, unless I misunderstood the structure of the brief, it seems to begin by dealing with sections of the draft act in the White Paper.

**The Chairman:** That is what I said, Mr. Gray. Maybe my English was not good, but that is what I said.

**Mr. Gray:** Then they move to the draft regulations and then they move back to the act. I understood you to suggest that we deal first with the White Paper and then with the regulations.

[Interpretation]

quand on ne peut pas les assujettir à des transactions d'importation déterminées. Nous pouvons être sûr que les producteurs étrangers, dont un grand nombre craignent la législation canadienne actuelle antidumping, mettront à l'épreuve cette nouvelle législation. Nous sommes d'avis qu'il est dans l'intérêt du Canada de minimiser le dumping sur notre marché domestique, et, en qualité de producteurs domestiques, nous sommes heureux de comparaître devant vous pour discuter de notre mémoire.

**Le président:** Merci, monsieur Craig. Est-ce que les fonctionnaires du gouvernement ont des remarques générales à faire? Monsieur Arthur, du ministère des Finances? Monsieur Hind, sous-ministre adjoint du Revenu national?

**M. C. D. Arthur (Division des relations économiques internationales, ministère des Finances):** Non, pas pour le moment, monsieur.

**Le président:** Monsieur Hind?

**M. Hind (Sous-ministre adjoint des douanes, ministère du Revenu national):** Non, monsieur, je pense que nous aurons des questions à poser à mesure que nous étudierons le document, article par article.

**Le président:** Monsieur Craig y a-t-il des représentants des sidérurgies qui ont d'autres commentaires à faire?

**M. Craig:** Non monsieur.

**Le président:** Merci. Messieurs vous avez probablement lu le mémoire présenté par les représentants de l'industrie de l'acier. On mentionne le paragraphe (1) de l'article 13, à la page 58; les articles 18 et 19, et aussi le Règlement. Je propose que nous traitions d'abord des articles contenus dans le Livre blanc et ensuite des règlements, cela vous va-t-il Messieurs? Oui, monsieur Gray?

**M. Gray:** Monsieur le président, à moins que j'aie mal compris le mémoire, il semble commencer par traiter des articles du projet de loi dans le Livre blanc.

**Le président:** Peut-être que mon anglais n'est pas bon, monsieur Gray, mais c'est ce que j'ai dit.

**M. Gray:** Ensuite il passe aux règlements et revient alors à la loi. Je vous ai entendu proposer que nous traitions d'abord du Livre blanc et ensuite des règlements.



[Texte]

**The Chairman:** I made that suggestion, Mr. Gray, but only if it is agreeable to the Committee members.

**Mr. Gray:** I am just suggesting an alternative proposal that would fit in with what you have in mind; that is to move right through the brief in the order the views are presented.

**The Chairman:** I am in your hands, gentlemen. If you think we should do as suggested by Mr. Gray, it is up to you.

**Mr. Gray:** The only reason I suggest that is because the witnesses before us have, in effect, first discussed the brief, then the White Paper, then the regulations and then back to the White Paper.

**The Chairman:** Mr. Gray, I do not think we should argue the point. Why do we not settle with the White Paper and then deal with the regulations? I am in your hands, gentlemen.

**Mr. Gray:** Well, we can try it.

**The Chairman:** Are there any questions on the brief, gentlemen? Yes, Mr. Gray?

• 0955

**Mr. Gray:** My first questions relate to the preliminary comments of the witnesses. I just jotted down a few phrases which I understood the spokesman to use. He spoke of "insidious foreign competition" which is "dump competition" and he spoke of competition being "sharp", and so on. At least from the introductory portion of his comments, he did not deal with the question of whether the competition referred to was injurious to Canadian production and employment.

Can you relate the concept of injury to your initial remarks? The reason I say that is because you spoke of competition being sharp and it seems to me that in a free enterprise system sharp competition is what the consumer is looking for: "sharp" in the sense of vigorous competition. You did not seem to be too sympathetic to the idea.

**Mr. C. Carson Weeks (Vice-President, Sales, Algoma Steel Corporation Ltd., Sault Ste Marie, Ontario):** Mr. Chairman, I would like to comment on that.

**The Chairman:** I suggest to you gentlemen that you may indicate your wish to comment by raising your hands; this will help the Committee. Please speak into the microphone.

[Interprétation]

**Le président:** J'ai fait cette proposition, monsieur Gray, mais seulement si cela convient aux membres du Comité.

**M. Gray:** Je suggère simplement une autre manière de procéder qui s'accorderait avec votre proposition; c'est d'étudier tout le mémoire de la façon dont il a été présenté.

**Le président:** Je m'en remets à vous, Messieurs, si vous pensez que nous devons travailler de la manière proposée par M. Gray, c'est à vous de décider.

**M. Gray:** La raison de ma proposition est que les témoins qui ont comparu devant nous ont, de fait, discuté d'abord du mémoire, puis du Livre blanc et des règlements, pour revenir au Livre blanc.

**Le président:** Il n'y a pas d'argument, monsieur Gray, mais pourquoi ne pas d'abord traiter du Livre blanc et ensuite passer aux règlements. Je m'en remets à vous, messieurs.

**M. Gray:** On peut essayer.

**Le président:** Très bien. Avez-vous des questions à poser, Messieurs, sur le mémoire? Oui, monsieur Gray.

**M. Gray:** Ma première question se rapporte aux commentaires préliminaires des témoins. J'ai noté quelques phrases. Le témoin a parlé de la concurrence insidieuse de la part des pays étrangers, du dumping; il a dit que la concurrence était très acharnée, et dans ces commentaires, dans son préambule du moins, il n'a pas dit si la concurrence nuisait à la production et à l'emploi au Canada.

Pouvez-vous vous relier le concept de préjudice à cette autre idée? Je pose cette question parce que vous avez dit que la concurrence était acharnée et il me semble que dans la libre entreprise, ce que l'on recherche c'est la concurrence acharnée dans le sens de concurrence vigoureuse.

**M. C. Carson Weeks (Vice-président des ventes, Algoma Steel Corporation Ltd., Sault Ste Marie (Ontario)):** Monsieur le président, j'aimerais commenter cette question.

**Le président:** Je propose que les témoins lèvent la main s'ils veulent parler et veuillez parler dans le microphone s'il vous plaît. Cela aidera le Comité.

[Text]

**Mr. Weeks:** I think, if I properly understand the question of Mr. Gray, I can give an excellent example. During this past year we, Algoma Steel, have drawn to the attention of the Department of National Revenue a great many importations of steel and pig-iron at what we consider dump prices.

Referring particularly to pig-iron from Russia—and the most recent arrival we have note of was in September, 1968—the prices at which they are reported are below our cost of production. So far as injury is concerned, we have had a pig-iron furnace out of commission for over 4½ months in the calendar year 1968 because of lack of sufficient business while, at the same time, these many thousands of tons have come in from Russia and other places at prices declared for value for duty substantially below our cost of production. I think that is both dumping and injury—injury to a considerable degree.

**Mr. Gray:** I thought I should seek some clarification because I felt that it was rather odd, if my interpretation is correct, that the steel industry, which might be considered a key segment of a free enterprise economy, was not happy about sharp competition.

**Mr. Weeks:** That is a little too sharp, Mr. Gray.

**Mr. Gray:** I use “sharp” in the sense of vigorous competition.

**Mr. Weeks:** Yes.

**The Chairman:** Mr. Craig?

**Mr. Craig:** Mr. Chairman, I think the four companies represented here are not at all afraid of vigorous competition from Canadian producers. In fact, there is nothing we like better than to get out after each other whenever we can and take orders, but when it comes to off-shore competition that is sent into Canada at prices that we know, from the facts and figures we have to substantiate costs, are well below the figures for which the same product is sold in the home market of the originator or producer, this is where we take exception.

**Mr. Gray:** You are not taking exception to all off-shore competition?

**Mr. Craig:** No, absolutely not. Under equal conditions, equal circumstances, the Canadian steel industry will stand up to anyone in the world.

[Interpretation]

**M. Weeks:** Si j'ai bien compris la question, M. Gray, je pourrais dire qu'au cours de l'année dernière, à *Algoma Steel*, nous avons signalé au ministère du Revenu national un grand nombre d'importations d'acier et de fonte brute à des prix de dumping.

Je parle en particulier de la fonte brute importée de Russie, dont la plus récente cargaison que nous avons notée est arrivée en septembre 1968, et dont les prix seraient inférieurs à notre coût de production. En ce qui concerne le préjudice, nous avons un four à fonte brute qui n'a pas fonctionné pendant quatre mois et demi en 1968 à cause du manque de commandes, alors qu'en même temps, on en importe des milliers de tonnes de la Russie et d'autres pays à des prix déclarés, pour les fins de la douane, sensiblement inférieurs à notre coût de production. Je considère que c'est là du dumping et du préjudice, un préjudice considérable.

**M. Gray:** J'ai posé ces deux questions parce que je trouve singulier, si mon interprétation des faits est juste, que l'industrie de l'acier, qui est une industrie-clé de notre économie à libre entreprise, ne soit pas heureuse de la concurrence acharnée.

**M. Weeks:** Elle est un peu trop acharnée, monsieur Gray.

**M. Gray:** J'ai employé le terme «acharnée» au sens de compétition «vigoureuse».

**M. Weeks:** Oui.

**Le président:** Monsieur Craig?

**M. Craig:** Monsieur le président, je pense que les quatre compagnies ici représentées ne craignent pas du tout la concurrence acharnée de la part des producteurs canadiens, et rien ne nous plaît plus que de faire concurrence aux autres compagnies lorsqu'il s'agit d'obtenir des commandes, mais lorsqu'il s'agit d'une concurrence étrangère, que des producteurs étrangers expédient au Canada des produits à des prix qui, d'après les faits et les chiffres que nous avons pour prouver les coûts, sont bien inférieurs aux prix auxquels ces produits se vendent sur le marché domestique de l'exportateur ou du producteur, voilà ce à quoi nous nous objectons.

**M. Gray:** Vous ne vous objectez pas à toute la concurrence étrangère?

**M. Craig:** Non, pas du tout. L'industrie sidérurgique au Canada peut faire concurrence à n'importe quel pays du monde dans des circonstances et des conditions analogues.



[Texte]

**Mr. Gray:** Dealing more specifically with your comments on section 13, in the brief under the heading "Practical Application of Proposed Legislation" you say, in referring to the two instances in the first paragraph of the section:

In either instance, the Deputy Minister of National Revenue appears to be the only person who can initiate an investigation, either on his own initiative or as a result of a written complaint by domestic producers.

As a practical matter, is there any other way or any other person who can initiate an investigation in an official way?

**Mr. Craig:** Mr. Chairman, we find that in the case of any exports Canadian mills make to the United States, the customs appraisers are much more active in checking the facts and the figures than our own people seem to have been in the past. I think there is an instance here of where we should have possibly more information available to our own people so that we as basic producers do not need to draw it to the attention of the government to have them take action.

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This year we shipped quite a bit of steel to the United States, and after the second shipment had gone across the border one of the senior members of our Company spent several days in Buffalo going over the situation with the Appraiser to make sure that it was not steel being dumped into the United States.

**Mr. Gray:** It would seem to me that the reference to the Deputy Minister of National Revenue is a reference to the senior permanent civil servant with administrative responsibility, this is a kind of shorthand for a number of officials to whom the Deputy Minister, in effect, delegates some of the preliminary work. Perhaps Mr. Hind can tell me whether I am right or wrong in this, but throughout the Customs Act there are references to the Deputy Minister of National Revenue. I have never considered the references to the Deputy Minister of National Revenue as meaning that unless he personally starts rifling through the documents, nothing is done.

In fact, you go on in the next paragraph to say:

It is unlikely the Deputy Minister will have knowledge of impending imports at dump prices which are likely to injure

[Interprétation]

**M. Gray:** Précisément, à propos de vos commentaires sur l'article 13 du mémoire intitulé «Application pratique de la mesure législative proposée», vous dites, en vous reportant aux deux cas mentionnés au premier alinéa de l'article:

Dans un cas comme dans l'autre, le sous-ministre du Revenu national semble la seule personne qui puisse amorcer une enquête, soit de sa propre initiative ou à la suite d'une plainte par écrit de la part des producteurs nationaux.

Sur le plan pratique, y-a-t-il d'autres moyens ou d'autres personnes qui peuvent amorcer une enquête d'une manière officielle?

**M. Craig:** Monsieur le président, toutes les exportations des aciéries canadiennes aux États-Unis,—les évaluateurs des douanes s'occupent beaucoup plus de vérifier les faits et les chiffres que l'on ne semble l'avoir fait dans le passé.

Nous avons ici un cas où il devrait sans doute y avoir plus de renseignements accessibles aux gens de notre industrie, afin que nous n'ayons pas à titre de producteurs, à attirer l'attention du gouvernement sur ces faits et à lui demander de prendre des mesures.

Cette année nous avons expédié pas mal d'acier aux États-Unis. Après la deuxième cargaison eut passé la frontière, l'un des représentants de notre Société a dû passer plusieurs jours à Buffalo pour vérifier les faits avec l'évaluateur des douanes afin de s'assurer que l'on n'était pas en train de faire un dumping d'acier aux États-Unis.

**M. Gray:** Il me semble que cette allusion au sous-ministre du Revenu national s'adresse en fait au haut fonctionnaire permanent responsable de l'administration, et que cela peut désigner les fonctionnaires auxquels le sous-ministre délègue une partie de son autorité. Je me trompe peut-être, Monsieur Hind, mais, dans toute la Loi sur les douanes, on parle du sous-ministre du Revenu national. Je n'ai jamais supposé que cela voulait dire que le sous-ministre devait vérifier lui-même tous les documents, sous peine que rien ne se fasse.

En fait, vous dites, à l'alinéa suivant:

Le sous-ministre ne saura sans doute pas quels sont les produits qui risquent d'être importés à des prix anormalement bas et de faire du tort aux producteurs



[Text]

domestic producers unless there are complaints...

Mr. Hind has told us, and I am sure he will want to comment on this, not only of the existing surveillance procedure with respect to a list that they maintain of sensitive commodities but of the plans of the Department to intensify this surveillance procedure with respect to sensitive commodities in the dumping field, and I would be very surprised if this does not include, or is not intended to include, the products of your industry.

**Mr. George L. Waters (Manager, Commercial Planning and Research, The Steel Company of Canada Limited):** Mr. Chairman, the statement concerning the Deputy Minister of National Revenue was a lead-in in the development of our subsequent statements. What we were trying to distinguish here is the fact that in some industries forewarning may be available in the marketplace because of pre-bid types of operation where the equipment is bid two years prior to the time of importation.

In the steel industry this type of operation just does not happen. The first warning of an import is when it crosses the border. The first usual warning or effect that is obtained by the Canadian steel industry is when that steel hits the marketplace and begins to disrupt our operations. The point we are trying to make is that there is a time lag involved. We are not ahead of the game; we are behind. If it is dump competition and it is a product that is capable of being manufactured in Canada, the injury has already made itself felt.

**Mr. Gray:** As far as you are aware, what does the American customs do to react more quickly?

**Mr. Waters:** Well, they appear to have surveillance at the border on incoming shipments and documentations at the point. Perhaps you might say they appear to adopt quite a suspicious attitude on imports.

**Mr. Gray:** But in that case, as well, the investigation is initiated by the customs officials...

**Mr. Waters:** Right.

**Mr. Gray:** ...and some third party who goes on doing the investigation.

**The Chairman:** Mr. Gillespie.

**Mr. Gillespie:** I would like to follow up in the same area, Mr. Chairman, in this area of what might be described as one free dump to

[Interpretation]

canadiens, à moins que l'on ne se plaigne...

M. Hind nous a parlé—et je suis certain qu'il voudra faire des observations à ce sujet—non seulement des méthodes actuelles de surveillance, qui consistent à maintenir à jour une liste des denrées menacées, mais aussi des plans du ministère en vue d'intensifier cette surveillance à l'égard des denrées menacées par le dumping, et je serais fort étonné si cela ne s'appliquait pas, on n'était pas amené à s'appliquer, aux produits de votre industrie.

**M. George L. Waters (directeur de la section de la planification et de la recherche commerciales de la Steel Company Of Canada Limited):** Monsieur le président, l'allusion faite au sous-ministre du Revenu national était là pour introduire nos déclarations suivantes. Dans certaines industries, on peut avoir un avertissement sur le marché, car l'exploitation se fait en commandant le matériel lourd deux ans à l'avance.

Cela n'est pas le cas dans l'industrie de l'acier. On n'est averti d'une importation que lorsque la marchandise traverse la frontière. Pour l'industrie de l'acier au Canada, ce n'est généralement que lorsque l'acier arrive sur le marché et commence à bouleverser notre exploitation que nous sommes avertis.

Ce que nous voulons dire, c'est qu'il existe un décalage. Nous ne sommes pas en avance, mais en retard. S'il s'agit de la concurrence due au dumping, et de produits qui pourraient être fabriqués au Canada, le mal a déjà été fait.

**M. Gray:** Selon vous, que font les douanes américaines pour réagir plus rapidement?

**M. Waters:** Il semble qu'ils exercent à la frontière une surveillance sur les cargaisons et les documents qui arrivent. Ils semblent adopter une attitude assez méfiante à l'égard des importations.

**M. Gray:** Mais là aussi, ce sont les hauts fonctionnaires des douanes qui amorcent l'enquête...

**M. Waters:** En effet.

**M. Gray:** ...et un tiers qui poursuit l'enquête.

**Le président:** Monsieur Gillespie.

**M. Gillespie:** Ce même domaine, monsieur le président, celui précisément dont vous avez parlé, (ce domaine que l'on pourrait décrire

[Texte]

which you have referred, the possibility that imports could arrive in Canada without attracting the attention of the Department.

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Let us assume for a moment that this did happen on a number of occasions. How many times would it have to happen in order to complete the cycle, so that thereafter we would not have to worry about it? Do you see what I mean? Let us assume the worst, that there was one free dump in a whole series of imports that were coming into Canada, how many products would be affected on this basis?

**Mr. Craig:** It could be on many steel products at the same time. In fact, I am quite sure it will be on many products at the same time just as soon as this legislation is changed.

**Mr. Gillespie:** But once it has happened; then the one free dump can no longer be made, if I understand the proposed bill correctly? If I understand it correctly, the importer might get away with it or importations might get away with it once, on the one-free-dump basis, but thereafter they could be picked up on entry.

**Mr. Waters:** Mr. Chairman, this is an area on which we are not too clear in the new legislation. If, as a result of the investigation of the original questionable import, action is taken against that exporter or that importer's operation, then we feel from the proposed legislation that those future transactions involving those two will be under surveillance and dumping will be caught.

On the other question, suppose the original firm was in Luxembourg and exporting to Canada, but at the same time firms in Germany are exporting to Canada and at dump. The fact that the Luxembourg problem has been picked up and is being investigated puts a finger in that dam, but what happens on the German imports? They could still be coming in, the way we read the proposed bill, because action has not specifically been taken on German imports from a German mill.

**Mr. Gillespie:** I wonder if Mr. Arthur might be asked to comment on this at this time, Mr. Chairman.

[Interprétation]

comme étant celui du dumping libre) dans lequel des importations sont faites sans attirer l'attention du ministère.

Supposons que cela est arrivé à plusieurs occasions. Combien de fois faudrait-il que cela se produise pour compléter le cycle et pour que, par la suite, nous n'ayons plus à nous en inquiéter? Voyez-vous ce que je veux dire? Mettons la situation au pire et supposons qu'il y ait dumping libre à l'égard de toute une série d'importations, combien de produits seraient ainsi touchés?

**M. Craig:** Cela pourrait se produire pour plusieurs produits de l'acier à la fois. De fait, je suis bien certain que ce sera pour plusieurs produits à la fois, dès que la loi aura été modifiée.

**M. Gillespie:** Mais après que cela se sera produit une fois, il ne sera plus possible par la suite de se livrer librement au dumping, si je comprends bien le projet de loi? Autrement dit, l'importateur pourra s'en tirer une fois, grâce à la clause d'un dumping libre, mais, par la suite, on pourra le prendre dès l'importation des marchandises.

**M. Waters:** Monsieur le président, c'est un domaine dans lequel la loi n'est pas très claire. Si, par suite de l'enquête faite à l'égard de la première importation douteuse, des mesures sont prises contre cet exportateur ou cet importateur, il semble, d'après la loi projetée, que les transactions futures entre ce même exportateur et ce même importateur seront surveillées, et que tout dumping sera détecté.

D'autre part, supposons que la société d'origine se trouve au Luxembourg et exporte des produits au Canada, mais qu'en même temps, il y ait des exportations au Canada de l'Allemagne dans des conditions de dumping. Du fait que l'on aura détecté le problème posé par le Luxembourg et que l'on aura fait enquête, on aura mis le doigt sur la plaie, mais qu'arrivera-t-il pour les importations allemandes? De la façon dont nous interprétons la loi projetée, les importations allemandes pourraient continuer à arriver, aucune mesure particulière n'ayant été prise à l'égard des produits provenant d'une usine allemande.

**M. Gillespie:** Monsieur le président, peut-être M. Arthur pourrait-il, à ce stade, faire quelques observations à ce sujet?



[Text]

**Mr. Arthur:** Mr. Chairman, Clause 4 of the White Paper, page 44, says that:

There shall be levied, collected and paid upon all dumped goods entered into Canada

(a) in respect of which the Tribunal has made an order or finding. . .

And I would suggest, sir, that if a certain steel sheet or size of sheet had been before the Tribunal and the Tribunal had determined injury, that steel, steel of that description, if dumped, would be subject to dumping duty.

**Mr. Gillespie:** In future.

**Mr. Arthur:** In future.

**Mr. Gillespie:** It might get through the first time on the basis that the action was not taken in sufficient time to deal with it, if I understand correctly. But once known to the industry, a complaint could be raised. It could be assigned to the Tribunal for consideration, and even though a dumping duty could not then be applied, in effect the facts will be determined so that all future importations would attract dumping duties. Is this correct?

**Mr. Arthur:** Yes, Mr. Chairman. The situation is that if there is an importation that initiates an investigation and it is subsequently determined by the Tribunal that there is injury, if that particular importation is one of a series or is massive in itself, or is one of a series that is considered to be massive, and the determination by the Deputy Minister, the preliminary determination is made within 90 days, and the Tribunal is required by the proposed bill to make its order or finding within 90 days, then it is possible that the originating entry, the entry that originated the investigation, could be subject to dumping duty.

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**Mr. Gillespie:** But even if it was not massive and not one of a series, the determination could be made so that future imports of a similar kind would attract the attention of the Department and dumping duty. Is this correct?

**Mr. Arthur:** That is correct, on the assumption, of course, that the selling price to the importer is less than normal value.

**Mr. Gillespie:** I was wondering if in view of these remarks the representatives of the

[Interpretation]

**M. Arthur:** Monsieur le président, l'article 4 du Livre blanc, page 44, dit:

Il est levé, perçu et payé sur toutes les marchandises sous-évaluées entrées au Canada

a) pour lesquelles le Tribunal a rendu une ordonnance ou pris des conclusions. . .

A mon avis, si le cas d'une certaine feuille d'acier, ou d'un certain format de feuille, avait été porté devant le Tribunal, et que le Tribunal eût constaté qu'il y avait eu préjudice, cet acier—tout acier répondant à cette description,—s'il avait été sous-évalué, serait frappé de droits antidumping.

**M. Gillespie:** A l'avenir?

**M. Arthur:** Oui.

**M. Gillespie:** Si je comprends bien, cet acier pourrait passer la première fois, puisque l'on n'aurait pas pris de mesures à temps pour l'empêcher. Mais, une fois que l'industrie serait au courant, elle pourrait porter plainte. Le Tribunal pourrait en être saisi et même s'il n'était pas possible, à ce moment-là, de prélever des droits antidumping, on tirerait les faits au clair, et, pour toutes les exportations futures, les droits pourraient être perçus, n'est-ce pas?

**M. Arthur:** Oui, monsieur le président. S'il y a une importation qui donne lieu à une enquête et, par la suite, s'il est décidé par le Tribunal qu'il y a eu préjudice, si cette importation, en particulier, fait partie d'une série, ou si elle constitue elle-même une importation massive, et si le sous-ministre prend la décision préliminaire dans les 90 jours, et que le Tribunal doive, aux termes de la loi, rendre une ordonnance dans les 90 jours, il est alors possible que la première importation, celle qui a donné lieu à l'enquête, soit frappée de droits antidumping?

**M. Gillespie:** Même s'il ne s'agit pas d'une importation massive ou d'une importation en série, une décision peut être rendue si bien que les importations futures de même nature attireront l'attention du ministère et seront frappées d'un droit antidumping. Est-ce exact?

**M. Arthur:** C'est exact. En supposant, bien sûr, que le prix de vente à l'importateur soit inférieur à la valeur normale.

**M. Gillespie:** Je me demande si, étant donné ces observations, les représentants de



**[Texte]**

steel industry feel any happier about the dangers that they may have thought they were exposed to on this point?

**Mr. Weeks:** In reply to that I would like to clarify this a little more. The procedure now is that when there are entries, importations into Canada, usually the first indication we get of it, that is, the first information we get with respect to tons and price and so on, is from the Dominion Bureau of Statistics. There is a time lag here.

It is getting shorter. I must say that. It used to be six or seven months. We are now getting these reports approximately three months after. But this is the first information we get, and recognizing that three-month lag plus the 90 days from report of such suspected importations and the finding, it could very well be that almost an entire season of navigation has gone by before we have dealt with a dumped importation which could happen, say, in April or May. It could conceivably be September, October or November of the same year before we got around to determining that there was dumping and injury.

The point here I believe, Mr. Gillespie, was that with some industries, particularly the heavy machinery industry, they may have forewarning up to one or two years before an actual importation. They may make a claim of dump, and if it is proven and they are successful, they may head off the entry altogether, where in our case it is an accomplished fact months before we can do anything about it. We are handicapped this way. This is the point of this part of our brief. It may not be as clear as it might be. It is a time lag. We are handicapped.

**The Chairman:** Did you give an indication that you would like to make a comment, Mr. Waters?

**Mr. Waters:** Yes, Mr. Chairman. As we understand the comments which have come out on the investigation and the application of dumping duties, if as a result of investigating one transaction, injury is found and dumping is found from one source, and it follows from there that all entries of that same type of product into Canada are investigated for dump and if dump is found, dumping duty is applied, then we are quite relieved. This was our concern that an investigation would have to be triggered from each source and the application of the findings applied to that source only, not in the broad sense. If that

**[Interprétation]**

la sidérurgie sont rassurés à l'égard des dangers qu'ils craignent?

**M. Weeks:** En réponse à votre question, je voudrais donner un peu plus d'éclaircissements là-dessus. La procédure actuelle, c'est que, lorsqu'il y a des importations au Canada, en règle générale, le premier signe que nous en avons, c'est-à-dire, les premiers renseignements que nous obtenons sur le nombre de tonnes et sur le prix, nous viennent du Bureau fédéral de la statistique. Il y a là un décalage.

Ce décalage diminue peu à peu, j'en conviens. Autrefois, il était de six ou sept mois. Maintenant, cela prend trois mois environ. Mais ce sont là les premiers renseignements que nous obtenons. Étant donné ce décalage de trois mois, plus les 90 jours qu'il faut pour faire rapport à l'égard de ces importations et pour en venir à des constatations, il peut s'écouler toute une saison de navigation avant que l'on ne détermine s'il y a eu sous-évaluation. Supposons que cela arrive en avril ou mai; il faudra peut-être attendre septembre, octobre ou novembre pour déterminer s'il y a eu dumping et préjudice.

Ce que je veux dire, ici, monsieur Gillespie, c'est que, dans certaines industries, et surtout dans l'industrie des machines lourdes, on peut être prévenu de l'importation un ou deux ans à l'avance. Ces industries peuvent alors présenter une plainte et, si leur plainte est acceptée, ils peuvent empêcher l'importation.

Dans notre cas, nous sommes devant un fait accompli des mois avant de pouvoir faire quoi que ce soit. C'est sur ce point que nous nous trouvons sur un pied d'infériorité. C'est sur cela que porte cette partie de notre mémoire. La question n'est peut-être pas exposée aussi clairement qu'elle aurait pu l'être. Mais, en tout cas, il y a un décalage qui nous nuit.

**Le président:** Est-ce que vous avez quelques observations à faire, monsieur Waters?

**M. Waters:** Oui, monsieur le président. D'après ce que j'ai compris, si, à la suite d'une enquête sur une transaction, on constate qu'il y a eu préjudice et dumping d'une certaine source, il s'ensuit que toutes les importations de ce même type de produit au Canada feront l'objet d'une enquête. Et, si l'on constate alors qu'il y a eu dumping, les droits seront perçus. Cela nous satisfait pleinement. C'était là notre source d'inquiétude. Nous pensions qu'il faudrait annoncer une enquête dans chaque cas, et que les conclusions seraient appliquées, non au sens large, mais dans ce cas particulier seulement. Si nous avions mal compris, je

## [Text]

understanding was incorrect, we are most pleased to hear that subsequently all imports of the product found to have been dumped and injurious, will be investigated from all sources when they come into Canada.

**Mr. Hind:** Mr. Chairman, I was a little alarmed when it was suggested that National Revenue should really take on the primary responsibility for uncovering dumping of steel products. I think the gentlemen at the head table will admit that National Revenue, on looking at invoices, is absolutely powerless to know whether any given importation is dumped or not. There is no indication of what the normal value is on the customs invoice and this is the official document that is placed before us.

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The only possible way in which we know that there could well be dump is if the fair market value shown on the customs invoice is higher than the selling price shown on the invoice. Now we are prepared to scrutinize invoices covering sensitive goods, and where we find that the fair market value declared by the exporters is higher than the selling price this then is an indication that we may find a dumping duty, and we would be prepared to follow that up.

I was a little disturbed to understand from what has been said that perhaps the Department of National Revenue has been unmindful of information that has been placed before it. It is true that the steel industry has indeed been very good in keeping us informed of importations but, as I understand it, they have been furnishing us with information regarding all imports of steel and steel products. Now I suggest to everyone here that it does not necessarily follow that all imports of steel and steel products into Canada are being dumped into Canada, and in those cases where they are being dumped I am not suggesting for a moment that this represents injurious dumping.

I have said to the Committee on previous occasions that we made a study of complaints that had been made to us over a given period of time, we found that in 61 per cent of the cases the complaints were unjustified in the sense that we found no dumping at all. Now that is bad enough in itself. Under the new legislation not only must we find dumping but we must find injury as well.

## [Interpretation]

suis enchanté d'apprendre que, lorsque l'on aura constaté qu'un produit a fait l'objet d'un dumping et qu'il y a eu préjudice, on fera enquête, par la suite, sur toute importation de ce produit à son arrivée au Canada, quelle qu'en soit la source.

**M. Hind:** Monsieur le président, j'étais quelque peu inquiet lorsque l'on a laissé entendre que le Revenu national devait assumer la responsabilité principale pour la découverte du dumping des produits de l'acier. Je pense que les témoins reconnaîtront que le Revenu national, lorsqu'il jette un coup d'œil sur les connaissements, ne peut absolument pas déterminer si une importation est sous-évaluée ou non.

La facture est le seul document que nous ayons sous les yeux, et elle ne porte aucune mention de la valeur normale. La seule façon pour nous de savoir s'il se pourrait qu'il y eût dumping, c'est si la juste valeur marchande indiquée sur la facture est plus élevée que le prix de vente indiqué sur ce même document. Nous sommes prêts à vérifier les connaissements et lorsque nous constatons que la valeur marchande déclarée par les exportateurs est plus élevée que le prix de vente, nous pouvons alors constater qu'il y a dumping.

J'ai été un peu étonné d'apprendre que le Revenu national ne s'est guère préoccupé des renseignements qui lui ont été soumis.

Il est vrai que l'industrie de l'acier nous a toujours très bien tenus au courant des importations, mais, si je comprends bien, elle nous communique des renseignements concernant toutes les importations d'acier et de produits de l'acier. Il ne s'ensuit pas nécessairement, cependant, que toutes les importations de ces produits sont du dumping. Et dans les cas où il y a dumping, je ne veux pas dire du tout que cela représente un préjudice.

J'ai dit au Comité, en d'autres occasions, que nous avons procédé à une étude des plaintes qui nous ont été faites au cours d'une période donnée, et nous avons constaté que dans 61 p. 100 des cas, les plaintes n'étaient pas motivées, en ce sens que nous n'avons constaté aucun dumping. Aux termes de la nouvelle loi, non seulement il nous faut déterminer qu'il y a dumping, mais aussi préjudice.



[Texte]

It has been suggested perhaps that the Department of National Revenue has not taken too much of an interest in this. I think I must remind the Committee that we have moved in a number of areas on steel and steel product is actually dumped or not. We have bars, we have moved on wire rod, we have moved on sheets, we have moved on plates, we have moved on pig iron, and we have moved on nails. We are quite receptive to receiving advice as to dumped importations and you have my assurance that we intend to move quickly and effectively.

**Mr. Waters:** Mr. Chairman, on the question of dump, we in the industry are hamstrung also in having full knowledge of whether a product is actually dumped or not. We have only our own commercial intelligence on home market values. We do not know the price at which goods cross our borders. We deal mainly from the results of the products hitting the marketplace. Consequently, with that lack of precise information undoubtedly we do record on occasion products that are in sharp competition but cannot be proved to be dump competition. We wish we could look over the shoulders of foreign producers and into their markets and find all their pricing because it would simplify all our tasks.

If I understood Mr. Hind correctly, it appears that even under current legislation some assessments of injury may have been considered by the Department of National Revenue in determining whether or not they will investigate complaints. This disturbs me. From what I know of the previous legislation, there is no comment on assessment of injury in it. If it has been applied in that manner, I wonder what will happen on the future legislation. No matter how it is written up, if it is interpreted differently than it is written, then it...

**Mr. Hind:** As I understand it, gentlemen, before the Deputy Minister can initiate an investigation he must have evidence not only of dumping but of injury as well. I should go on to make one point. The final determination of injury is the responsibility of another body, namely the Tribunal.

**The Chairman:** I think, Mr. Hind, that Mr. Waters' question was on the present law, not on the White Paper or the last bill. Am I correct, Mr. Waters?

**Mr. Waters:** That is correct, sir.

• 1020

**Mr. Hind:** I am sorry I misunderstood, Mr. Chairman,

[Interprétation]

On a dit, on a donné à entendre que le Revenu national ne s'est guère intéressé à ces points. Je dois rappeler au Comité que dans plusieurs domaines de l'acier et des produits de l'acier, lingots d'acier renforcé, feuilles de tôle, plaques, fonte brute et clous, nous tenons compte des conseils, des avis qu'on nous donne et vous pouvez être sûrs que nous entendons agir promptement et efficacement.

**M. Waters:** Sur la question du dumping, nous, de l'industrie, nous ne sommes pas tout à fait au courant, nous ne savons guère s'il y a dumping ou non. Nous n'avons que nos propres chiffres sur la juste valeur marchande, nous ne savons pas à quel prix ces produits importés sont vendus. Nous nous en remettons surtout aux résultats. Et puisque nous manquons de ces renseignements précis, il nous arrive, à l'occasion, de signaler l'importation de certains produits qui, en réalité, ne sont pas sous-évalués. Si nous étions au courant de tous les renseignements, notre tâche en serait facilitée.

Si j'ai bien compris ce qu'a voulu dire M. Hind, même aux termes de la loi actuelle une certaine évaluation du préjudice peut avoir été faite par le ministère du Revenu national pour déterminer s'il y a lieu de faire une enquête sur les plaintes, mais cela m'étonne. Aux termes de l'ancienne loi, il n'en était pas question. Quant à l'avenir, si la loi est interprétée différemment de ce que le texte suggère, je ne sais pas ce qui arrivera.

**M. Hind:** Avant que le sous-ministre puisse amorcer une enquête, il doit avoir des preuves, non seulement de dumping mais de préjudice. Un autre point à souligner, la détermination définitive du préjudice relève d'un autre organisme, c'est-à-dire le Tribunal.

**Le président:** Je crois que la question de M. Waters portait sur la loi actuelle et non pas sur le Livre blanc. Est-ce bien cela monsieur Waters?

**M. Waters:** Oui, monsieur le président.

**M. Hind:** Je m'excuse si j'ai mal compris. Aux termes de la loi actuelle, les droits anti-



[Text]

Under the current legislation dumping duty becomes automatically collectable the moment there is dumping in respect of goods that are held to be of a class or kind made in Canada. That is true.

**Mr. Waters:** Is there an assessment of injury made before investigation of dumping takes place under the current legislation? I may have misunderstood your comments, Mr. Hind.

**Mr. Hind:** Mr. Chairman, in a general way, no. What I was merely endeavouring to say was that as a result of a survey which the Department of National Revenue undertook we found that 61 per cent of the complaints made to the Department were unfounded in the sense that we found no dumping at all. We did not look at the question of injury.

**Mr. Waters:** Thank you, sir.

**The Chairman:** I understand Mr. Gillespie has a supplementary question to ask you, Mr. Hind.

**Mr. Gillespie:** It goes back to this question that I was asking earlier. In the event that dumping and injury is found in regard to some importations, would this item then go on the sensitive list? You have referred on other occasions, Mr. Hind, to a list of sensitive products, invoices for which are sent directly from ports of entry to the Department of National Revenue offices in Ottawa.

**Mr. Hind:** Mr. Chairman, I think we would like to give consideration to putting such commodities on the sensitive list so that we have available quickly copies of invoices covering goods on which there has been a finding of both dumping and injury.

**The Chairman:** I understood, Mr. Craig, that you wanted to make some remarks after Mr. Hind?

**Mr. Craig:** Mr. Hind, one thing that I would like to draw to your attention is that in my opening remarks I said under current anti-dumping legislation we believe that the Department of National Revenue has applied anti-dumping measures in some instances. We do not know that for a fact because it is private information. We are not picking on your Department and saying every time we draw things to your attention nothing happens, but we understand that you have applied dump duty and that you have confirmed it in that 39 per cent of the instances that it was drawn to your Department's attention, action was taken. I did not want any misunderstanding of what we thought.

[Interpretation]

dumping deviennent percevables dès qu'il y a dumping à l'égard de denrées d'une classe ou catégorie fabriquée au Canada.

**M. Waters:** Y a-t-il évaluation du préjudice avant la perception de ces droits? J'ai peut-être mal compris vos commentaires.

**M. Hind:** Monsieur le président, de façon générale, non. Ce que j'ai voulu dire, c'est que, à la suite d'un relevé entrepris par le Revenu national, nous avons constaté que 61 p. 100 des plaintes formulées au ministère n'étaient pas fondées, en ce sens qu'il n'y avait pas de dumping. Nous ne nous sommes pas occupés de la question de préjudice.

**M. Waters:** Merci, monsieur.

**Le président:** Question supplémentaire, monsieur Gillespie?

**M. Gillespie:** J'ai une question supplémentaire à poser. S'il y a dumping et préjudice, pour certaines importations, est-ce que ce serait inscrit sur la liste dont M. Hind a parlé, c'est-à-dire les bons de commandes de certains produits qui sont envoyés directement des ports d'entrée aux bureaux du ministère du Revenu national à Ottawa?

**M. Hind:** Monsieur le président, je pense que l'on inscrirait ces produits sur la liste des produits fragiles. Nous avons trouvé qu'il y a eu dumping et préjudice dans certains de ces cas.

**Le président:** Monsieur Craig?

**M. Craig:** Monsieur Hind. Il y a une chose que je voudrais vous signaler. Dans mes premières observations j'ai dit:

Conformément à la loi sur l'antidumping, nous pensons que le ministère du Revenu national a appliqué des mesures antidumping dans certains cas.

Nous ne savons pas si c'est un fait car il s'agit de renseignements confidentiels. Nous ne disons pas à votre ministère que, chaque fois que nous vous signalons des choses, rien ne se produit, mais nous savons que vous avez fait payer des droits de dumping, vous l'avez fait dans 39 p. 100 des cas qui vous ont été signalés. Je ne veux pas qu'il y ait de malentendu à ce sujet.

[Texte]

**Mr. Gray:** Mr. Chairman, I had the impression that action was taken in every case but that only 39 per cent of the actions leads to the imposition of dumping duties?

**Mr. Craig:** Yes.

**The Chairman:** Have you any more questions, Mr. Gillespie?

**Mr. Gillespie:** I want to ask some questions about compensatory arrangements, when we come to that section?

**The Chairman:** May I receive now, gentlemen, a motion on the following letters that your Chairman has received from the following associations or groups of persons: one dated November 26, 1968, from the British High Commission; another dated November 27, 1968, from the Society of the Plastics Industry of Canada; another from the same Society dated November 27, and the final one dated November 27, 1968, from the Canadian Westinghouse Company Limited. I understand that our Clerk has distributed copies of these letters.

**Mr. Lambert (Edmonton West):** I move that the letters you referred to be printed as an appendix to today's Minutes of Proceedings and Evidence.

**Mr. Howard (Okanagan Boundary):** I second the motion.

Motion agreed to.

**The Chairman:** Before giving the floor to Mr. Downey I should make a correction. When I introduced Mr. Craig I said he was first Executive-President, Commercial, and then I proceeded to give him more responsibility to him than he has. Those responsibilities belong to Mr. Robert C. Varah and Mr. John A. Armstrong. I know that Mr. Craig has a lot of responsibility but I should not take any away from the other gentlemen.

**Mr. Danson:** One of the letters that you are having printed in the record is in the form of a question. Would there be an answer supplied? I am referring to the letter of the Society of the Plastics Industry of Canada.

**The Chairman:** I think one letter raised the same question that was answered by Mr. Hind or Mr. Arthur.

**Mr. Danson:** Yes, that is right.

• 1025

**The Chairman:** I am sure these gentlemen will familiarize themselves with these letters and if there are any comments to make they

[Interprétation]

**M. Gray:** Monsieur le président, j'ai eu l'impression qu'on prenait des mesures dans tous les cas, mais que dans seulement 39 p. 100 des cas, il y a eu des droits de dumping à payer.

**M. Craig:** Oui.

**Le président:** Avez-vous d'autres questions monsieur Gillespie?

**M. Gillespie:** Je poserai des questions sur les arrangements de compensation lorsque nous passerons à cet article.

**Le président:** Avant de donner la parole à M. Downey, je voudrais qu'on présente une motion sur les lettres que j'ai reçues des associations suivantes: le 26 novembre 1968, du Haut Commissariat de Grande-Bretagne, une autre le 27 novembre, de la Société de l'industrie des plastiques du Canada, une troisième venant de la même association, le 27 novembre. Et la quatrième, le 27 novembre, de la *Canadian Westinghouse Limited*. Nous avons distribué des exemplaires de ces lettres.

**M. Lambert (Edmonton-ouest):** Je propose que les lettres soient imprimées en appendice au compte rendu d'aujourd'hui.

**M. Howard (Okanagan-Boundary):** J'appuie la proposition.

**Le président:** Accepté. Avant de donner la parole à M. Downey, je voudrais apporter une correction à ce que j'ai dit. Je ne lui avais pas donné le bon titre, ce sont les titres de MM. Varah et Armstrong. M. Craig a beaucoup de responsabilités, mais il n'est pas vice-président.

**M. Danson:** Au sujet de ces lettres, il y en a une où on pose une question. Celle de l'Association de l'industrie des plastiques. Y a-t-il une réponse à apporter à cette question?

**Le président:** La question avait été posée à M. Hind ou à M. Arthur.

**M. Danson:** En effet.

**Le président:** Je suis sûr que ces messieurs feront des commentaires la semaine prochaine lorsqu'ils reviendront ici.



[Text]

will make them next week when we have those officials before the Committee again.

**Mr. Downey:** I would like to address this question to Mr. Craig, Mr. Chairman. I refer now to the brief presented jointly by the four steel companies and, particularly, to the quote at the bottom of page 3 which says:

Injury or threat of injury to the production of goods in Canada shall be deemed conclusively to have occurred if Canadian industry suffers any loss of business for a particular product as a result of a product entering into the commerce of Canada at a dumped price, provided the Canadian industry concerned could supply the product and meet the market requirements at that time.

I rather gather from this that you are suggesting that if the steel industry should lose any business to a foreign competitor that this could be indicated as being dumped. This would be a position that any industry would like to see itself in. Do you not think that this paragraph would indicate that?

**Mr. Waters:** Mr. Chairman, as we understand from the draft act the Deputy Minister of National Revenue initiates an investigation but he also can terminate the investigation if he finds no evidence of dump or insufficient evidence of material injury.

In other words, there is a measurement of injury that appears to be introduced as a responsibility of the Deputy Minister of National Revenue. In endeavouring to assess ourselves what is injury and what is material injury, we certainly recognize the complexity of this problem. Further on in the act it sets up the Tribunal as being the authoritative body for the measurement of injury. So in this section on page three what we were suggesting is that the Deputy Minister in the investigation of the facts of dump, and the complexities of those, will have a really serious problem to handle, and if he works with the feeling that imported goods that are dumped are injurious and continues his investigation of the dump side of the question but does not endeavour to measure the injury side of the question, it will enable him to speed up his operation. Have I made myself clear?

**Mr. Downey:** Yes.

**Mr. Waters:** This is merely a suggestion of guidance for the Deputy Minister on the question of injury so that he will not be saddened with the responsibility of terminating an investigation on the basis of whether or not the injury is actually material or not.

[Interpretation]

**M. Downey:** Je voudrais m'adresser à M. Craig, monsieur le président. Je parle du mémoire présenté conjointement par les compagnies d'acier; au bas de la page 3, on dit:

Il y a préjudice ou menace de préjudice pour les produits canadiens, si l'industrie canadienne perd des commandes, si un produit est introduit ici à un prix de dumping, à condition que l'industrie canadienne fournisse le produit pour répondre aux besoins du marché.

Si je comprends bien, on croit donc que si l'industrie de l'acier perd des commandes au profit de concurrents étrangers, c'est une indication qu'il y a du dumping. C'est la position dans laquelle toutes les industries voudraient se trouver. Est-ce que le paragraphe indique cela?

**M. Waters:** Selon le projet de loi, le sous-ministre du Revenu national prend l'initiative de l'enquête et c'est aussi lui qui met fin à l'enquête s'il ne trouve pas qu'il y a eu dumping ou si les preuves sont insuffisantes pour dire qu'il y a eu préjudice important.

En somme, on se trouve à mesurer le préjudice et c'est la responsabilité du sous-ministre. En essayant d'évaluer nous-mêmes ce qu'est un préjudice et un préjudice important, on reconnaît que le problème est complexe. Plus loin, dans le projet de loi, on parle du Tribunal qui doit évaluer les préjudices. Dans cet article, page 3, on dit que le sous-ministre, au cours de l'enquête sur les faits qui ont peut-être entraîné le dumping, aura de graves problèmes à résoudre.

Si le sous-ministre pense que les marchandises importées en dumping ici portent préjudice et qu'il continue son enquête, cela ne permet pas nécessairement d'évaluer l'ampleur du préjudice. Cela lui permet d'accélérer les choses. Est-ce assez précis?

**M. Downey:** Oui.

**M. Waters:** C'est simplement une suggestion ou encore une directive pour le sous-ministre sur la question du préjudice. Ainsi, lorsqu'il devra mettre fin à l'enquête, il n'aura pas nécessairement à savoir si le préjudice est d'une nature importante ou non.



[Texte]

**The Chairman:** Is your question a supplementary?

**Mr. Gray:** If it would be accepted as such, yes.

Mr. Chairman, it seems to me that the witness thinks that the Deputy Minister has a task which is greater than what I read the legislation gives him.

As I read the draft act with respect to Section 13, the duties of a deputy minister, it seems to me that with respect to the investigation at least he is obliged to carry out the investigation if he is of the opinion that there is evidence that the dumping has caused material injury or is likely to cause material injury, and with respect to terminating investigation he has to come to a conclusion that there is no evidence that dumping has caused injury, or that there is insufficient evidence of dumping. But, in particular, in initiating the investigation he does not, in effect, have to come to a firm and definite conclusion in the sense of a final judgment.

• 1030

Therefore, it would seem to me that your proposal on the test he should use is not as necessary as it would seem to be.

Also—and perhaps you did not intend this—if you suggest that he use a test that “injury shall be deemed conclusively to have occurred”, and so on, you may be arrogating to him the job of the Tribunal.

**The Chairman:** Mr. Moloughney.

**Mr. William J. Moloughney (General Manager, Marketing, Dominion Steel and Coal Corp.):** Mr. Chairman, the question of injury and its degree is a value judgment that, it has seemed to us, would best rest in a body that had obtained through time, as precedent evolved, the information with which to deal with the question. We felt that possibly the Department of National Revenue, in making a value judgment on materiality of injury, was being asked to assume a function that would be time-consuming. We sought, therefore, a simple definition of “injury” that would enable the investigation of “dump” fact to proceed and degree of material injury to be assessed subsequently.

**Mr. Gray:** I suggest that perhaps this definition would be very appropriate for the steel industry but may not be appropriate for some others, and that unless this were written into the statute you would be suggesting that the Deputy Minister not carry out the responsibility to make what may not be a judgment but at least is a judgment of an

[Interprétation]

**Le président:** D'autres questions?

**M. Gray:** Monsieur le président, le témoin pense, semble-t-il, que le sous-ministre a une tâche plus importante que je ne le croyais en lisant le projet de loi.

Selon l'article 13, fonctions du sous-ministre, dans le cas de l'enquête, le sous-ministre est obligé de poursuivre l'enquête s'il pense qu'il y a une preuve suffisante que le dumping a causé ou encore cause un préjudice important.

Il en est arrivé à la conclusion que rien ne prouve que le dumping ait causé du préjudice, ou que l'existence même du dumping est insuffisamment prouvée, quoi qu'il en soit, il n'est pas nécessaire que l'enquête qu'il a amorcée aboutisse à une conclusion ferme et définitive, à un jugement final. Je pense donc que votre proposition au sujet de l'épreuve à mettre en œuvre n'est pas aussi indispensable qu'il le semblerait. Et, ce n'est peut-être pas votre intention, mais, si vous suggérez qu'il doit entreprendre une épreuve au terme de laquelle on estime définitivement qu'il y a eu préjudice, vous lui accordez les fonctions du tribunal.

**Le président:** Monsieur Moloughney.

**M. William J. Moloughney (directeur général des services commerciaux, Dominion Steel and Coal Corp.):** Monsieur le président, au sujet de la question du préjudice et de son importance, c'est un jugement de valeur. Nous avons pensé que cette question doit être réglée par un organisme qui ait le temps d'obtenir les renseignements nécessaires à l'étude de la question. A notre avis, si on demande au ministère du Revenu national de porter des jugements de valeur, au sujet de cela, cela prendrait beaucoup de temps. Donc, nous avons recherché une définition simple du préjudice qui permette de poursuivre l'enquête sur le dumping et de déterminer ensuite l'importance du préjudice matériel.

**M. Gray:** Je pense que cette définition pourrait s'appliquer à l'industrie sidérurgique, mais non à d'autres industries. Ne proposez-vous pas aussi que le sous-ministre renonce, sauf si la Loi le stipule, à émettre une opinion qui ne serait peut-être pas un jugement d'ordre général, mais à tout le moins un jugement de caractère administra-

*[Text]*

administrative nature, which the legislation in fact asks him to. Even though, as I suggested previously, this is not a decision in the form of a final judgment.

Secondly, it would seem to me that you may be proposing something that may take more time than you want to take.

On Page 4 you go on to suggest that even the decision on dumping, as distinct from injury, be dealt with by the Tribunal. It seems to me that to follow your suggestion might take more time than the proposal in the legislation, that both the questions of dumping and injury have to be dealt with by the Tribunal.

**The Chairman:** Yes, Mr. Waters?

**Mr. Waters:** On the question of referral of dumping to a body other than the Deputy Minister of National Revenue, our concern was that an investigation might be terminated because of insufficient evidence of dumping.

What is the evidence? It seems to me that the evidence would be the facts—uncovered and developed. What is insufficient evidence? Does that mean that there is not confirming information of dump, or does it mean that we have three pieces of information and, based on three pieces of information, there is no dump; whereas a further investigation might uncover two more bits of information which indicate dump?

**Mr. Gray:** Who is going to do this investigation? On the one hand, you say that the Deputy Minister and his staff do not have the facilities or the time to do this, and yet surely the Tribunal is not going to have another staff of field officers running around doing investigation. They are going to rely on the same people who, you say, may not be able to make the investigation properly in the first place.

**Mr. Waters:** Our feeling there was that if an investigation is terminated because of insufficient evidence of dump this is final and there is no appeal.

• 1035

When a termination is made the Act provides for advice being given to the interested parties. What type of advice comes out? What is the comment?—"We have found insufficient evidence of dump?"

**Mr. Gray:** What happens under the existing law?

**Mr. Waters:** We do not know at all. One of the great benefits of the new law, as we see

*[Interpretation]*

tif, chose que la Loi requiert en fait de lui? Même alors, comme je l'ai déjà dit, il ne s'agit pas d'une décision qui revête la forme d'un jugement définitif. Et, deuxièmement, vous me semblez proposer peut-être quelque chose qui demande beaucoup plus de temps que vous ne voudriez. Page 40, vous suggérez, au sujet du dumping, qu'une décision soit prise par le tribunal, compte tenu de la notion de préjudice. Si on donne suite à votre suggestion, cela entraînera des procédures encore plus longues que celles proposées dans la Loi, qui stipule que les questions de dumping aussi bien que de préjudice soient soumises au tribunal.

**Le président:** Oui, monsieur Waters?

**M. Waters:** En posant notre question sur l'éventualité de transférer, quant au dumping, les responsabilités du sous-ministre du Revenu national à une juridiction différente, nous appréhendons de voir mettre fin à une enquête pour cause d'insuffisance de preuve de dumping. Quelle est la preuve? Je pense que cela consiste en faits qui ont été trouvés. Qu'est-ce qu'une preuve insuffisante? Est-ce que cela veut dire que l'on ne peut affirmer qu'il y a dumping ou est-ce que cela veut dire, par exemple, que, si nous avons trois renseignements et que, selon ces trois renseignements, il n'y a pas dumping, alors que peut-être, si on poursuivait l'enquête, on trouverait deux autres faits qui prouveraient le dumping?

**M. Gray:** Qui va faire cette enquête? Vous dites, d'une part, que le sous-ministre et son personnel n'ont ni les moyens ni le temps de la faire? Le tribunal, pourtant, n'aura pas d'enquêteurs à affecter à cette mission! Il s'en remettra aux personnes qui selon vous n'ont pas le temps de faire l'enquête comme il faut!

**M. Waters:** Selon nous, si une enquête prend fin pour cause d'insuffisance de preuve quant au dumping, c'est sans recours. Lorsque l'enquête prend fin, la Loi prévoit qu'on donnera des conseils aux parties intéressées. De quel genre de conseils s'agit-il? Et que dit-on? "Nous n'avons pas trouvé de preuve suffisante de dumping".

**M. Gray:** Que se passe-t-il aux termes de la Loi en vigueur?

**M. Waters:** Nous n'en savons rien. L'un des grands avantages de la nouvelle Loi, à notre



[Texte]

it, is that there is an opening up of exchange of information and publicity of activity.

**Mr. Gray:** So there is a step forward.

**Mr. Waters:** Oh, very much so.

**The Chairman:** Mr. Arthur, if, in the first instance, the Deputy Minister of National Revenue does not find any dumping, or injury to an industry, cannot that industry, or that individual, appeal to the Tribunal or to another body?

**Mr. Arthur:** Mr. Chairman, if I understand your question, it is that . . .

**The Chairman:** I mean in the draft bill; not in the current law.

**Mr. Arthur:** No; I am referring to the proposed bills.

As I understand your question, if there is a complaint and the Deputy Minister is satisfied that the evidence is insufficient of dumping to warrant his proceeding with an investigation he terminates it. Is there an appeal from that decision? The answer specifically is that there is not.

As I understand it, it would require the complainant to make an importation and in fact appeal that.

**Mr. Gray:** Are you talking about a termination on the grounds that there is no evidence of dumping?

**Mr. Arthur:** Yes; that there is insufficient evidence of dumping.

**Mr. Gray:** But if he terminates on the grounds that there is insufficient evidence of injury?

**The Chairman:** I asked for both—dumping and injury.

**Mr. Arthur:** Mr. Chairman, if he terminates it on the grounds that, in his view, the volume of dumped goods is negligible there is one recourse. If he decides that there is not enough evidence that the importations have caused, are causing, or are likely to cause, material injury, that portion of the decision, if based on that kind of finding, can be appealed under subsection 7. But in the case that is cited in the brief I think Mr. Hind would concur that there is no appeal if the decision is that there is not sufficient evidence of dumping.

[Interprétation]

sens, c'est qu'il est possible d'échanger des renseignements et de donner de la publicité aux activités entreprises.

**M. Gray:** On a donc fait un pas en avant.

**M. Waters:** Ah oui!

**Le président:** Monsieur Arthur, si le sous-ministre du Revenu national ne trouve pas qu'il y a eu dumping ou préjudice, est-ce que la partie en cause peut avoir recours devant les tribunaux?

**M. Arthur:** Monsieur le président, si j'ai bien compris votre question, vous demandez . . .

**Le président:** Je pense au projet de loi, non à la loi actuelle.

**M. Arthur:** Moi aussi, je parle du projet de loi. Si je comprends bien votre question, si on porte plainte et si le sous-ministre est convaincu que les preuves sont insuffisantes pour prouver le dumping et pour poursuivre l'enquête, donc, il met fin à l'enquête. Vous voulez savoir s'il y a un droit d'appel? La réponse est non. Si je comprends bien, il faudrait que le plaignant procède à des importations et en fasse appel.

**M. Gray:** Voulez-vous dire qu'il est mis fin à l'enquête du fait qu'il n'y a pas de preuve de dumping?

**M. Arthur:** Oui, du fait qu'il n'y a pas de preuve de dumping.

**M. Gray:** Mais si le sous-ministre met fin à l'enquête du fait qu'il n'est pas suffisamment prouvé qu'il y a eu préjudice?

**Le président:** Ma question a porté sur le dumping et le préjudice.

**M. Arthur:** Monsieur le président, si le sous-ministre met fin à l'enquête, en disant qu'à son avis le volume des marchandises entrées en dumping est négligeable, il y a un recours. S'il décide que les preuves sont insuffisantes pour démontrer que les importations ont entraîné, entraînent, ou vont probablement entraîner un préjudice matériel, cette partie de la décision, au cas où elle se fonde sur ces conclusions, peut être sujette à recours conformément aux dispositions du paragraphe 7. Mais, dans le cas cité dans le mémoire, je pense que M. Hind reconnaîtra qu'il n'y a pas de recours, si on a décidé qu'il n'y a pas suffisamment de preuves pour démontrer qu'il y a eu dumping.



[Text]

**The Chairman:** Mr. Hind?

**Mr. Hind:** Mr. Chairman, Mr. Arthur has pointed out that it is possible for an aggrieved party to appeal to the Tariff Board. As I understand it, under the Tariff Board regulations, there must be an importation; so that given an importation by an individual, if that individual is dissatisfied with the finding of the Deputy Minister, in the sense that he finds no dumping, that decision can indeed be appealed to the Tariff Board and from there, on a question of law, to the Exchequer Court.

**The Chairman:** Have you a supplementary question, Mr. Alexander?

**Mr. Alexander:** I think you could regard it as a supplementary question, Mr. Chairman. It has reference to page 4.

**The Chairman:** No. It is a related question?

**Mr. Alexander:** Yes, it is related.

**The Chairman:** Yes, Mr. Alexander.

**Mr. Alexander:** Any question is based on a statement on page 4 of the brief, in the second last paragraph:

We submit that the legislation should provide for an avenue of appeal for domestic industry from initial opinions of "no dump" arising under Section 13 of the Act. This is particularly important since an opinion of "no dump" appears to preclude further investigation.

Am I to understand, Mr. Chairman, from Mr. Hind's answer that there is a subsequent appeal to the Exchequer Court or on at least to the Tariff Board?

• 1040

**The Chairman:** Mr. Hind?

**Mr. Hind:** Yes, sir; in the manner I have described there is an appeal to the Tariff Board and from there, on a question of law, to the Exchequer Court.

**The Chairman:** Mr. Downey?

**Mr. Downey:** On Page 5 of the brief Regulation No. 4 refers to an allowance reflecting a difference in quality-structure. This seems to indicate that there could be misrepresentation, or misunderstanding, in the grading of steel.

[Interpretation]

**Le président:** Monsieur Hind?

**M. Hind:** Monsieur le président, M. Arthur a signalé qu'il est possible à la partie qui s'estime lésée de présenter un appel à la Commission du tarif, conformément à leurs règlements, arguant du fait qu'il doit y avoir importation. Si un particulier qui a procédé à des importations n'est pas convaincu par les conclusions du sous-ministre, dans ce sens que ce particulier considère qu'il n'y a pas eu de dumping, la décision peut être sujette à appel devant la Commission du tarif et renvoyée, sur une question de droit, à la cour de l'Échiquier.

**Le président:** Avez-vous une question supplémentaire, monsieur Alexander?

**M. Alexander:** Vous pourriez la considérer comme telle, monsieur le président. Elle a trait à la page 4.

**Le président:** Non. Est-ce une question connexe?

**M. Alexander:** Oui.

**Le président:** Allez-y, monsieur Alexander?

**M. Alexander:** Page 4 du mémoire, à l'avant-dernier paragraphe, on dit que:

Nous proposons que la loi prévoie la possibilité pour l'industrie intérieure d'appeler contre tout avis préalable de «non-dumping» émis aux termes de l'article 13 de la Loi. Cette disposition revêt une importance particulière du fait qu'un avis de «non-dumping» semble devoir arrêter la poursuite de l'enquête.

D'après la réponse de M. Hind, dois-je donc comprendre, monsieur le président, qu'il peut y avoir un appel subséquent présenté à la cour de l'Échiquier ou, tout au moins, à la Commission du tarif?

**Le président:** M. Hind?

**M. Hind:** Oui, monsieur, comme je l'ai dit on peut présenter un appel à la Commission du tarif et, de là, sur un point de droit, à la cour de l'Échiquier.

**Le président:** M. Downey?

**M. Downey:** A la page 5 du mémoire, le règlement n° 4 parle d'une tolérance quant aux différences de qualité. Il peut y avoir un malentendu dans l'établissement des classifications de l'acier. A ce sujet, est-ce qu'il existe actuellement un bureau des normes

[Texte]

In the grading of steel at the present time do we have a bureau of standards set up either by the industry or by a Government agency? I ask this for my own information.

**The Chairman:** Is your question directed to the Government official or to the industry?

**Mr. Downey:** To anyone who feels he can answer it.

**The Chairman:** Would you repeat your question? I do not think Mr. Arthur, as the Government official, caught it.

**Mr. Downey:** In Regulation 4 they speak of a possible misunderstanding in the grading of steel and they ask that assistance on grading be obtained from knowledgeable Canadian producers.

Is there at the present time, a bureau of standards on the grading of steel set up either by a Government agency or by the industry?

**The Chairman:** Mr. Waters?

**Mr. Waters:** Mr. Chairman, the majority of North American steel is produced to specifications common within the North American industry. Foreign steel is frequently produced to specifications which apply in their own country or in their own market area. Frequently these specifications do not match completely.

Let me backtrack for a moment. Certain grades of foreign steel can comply with the specifications required for usage in North America; and frequently they more than comply. In other words, they are of a grade higher than is actually necessary to do the job.

There is no home market value for the North American grade in the country of origin, so an assessment of the qualities is necessary, in our opinion, to get a fix on the home market value.

As a simple example, one can use a two-ton dump truck to do the job of a one-ton dump truck. If a foreigner exports a two-ton dump truck and prices it as a one-ton dump truck he has a sale. In our opinion, he may in fact have dumped it, in that he has under-priced his article but it fills the bill.

**Mr. Downey:** Am I to understand, then, that at present no machinery is set up to de-

[Interprétation]

constitué soit par l'industrie soit par un organisme public? Je demande cela à titre d'information personnelle.

**Le président:** Est-ce que vous adressez votre question aux fonctionnaires ou aux représentants de l'industrie?

**M. Downey:** A toute personne qui s'estime en mesure de répondre.

**Le président:** Voudriez-vous répéter votre question? Je ne crois pas que M. Arthur, fonctionnaire du gouvernement, en ait saisi le sens.

**M. Downey:** Au sujet du règlement 4, où l'on parle de malentendu possible en ce qui concerne les classifications de l'acier, on demande que des producteurs canadiens compétents sur l'acier donnent des renseignements: est-ce qu'il existe actuellement un bureau des normes, constitué soit par un organisme public, soit par l'industrie, qui s'occupe de la classification?

**Le président:** M. Waters?

**M. Waters:** Monsieur le président, la plus grande partie de l'acier nord-américain est produit suivant des spécifications communes à l'industrie nord-américaine. En ce qui concerne l'acier qui vient de l'étranger, il est souvent produit suivant des spécifications propres au pays d'origine ou à la zone de commercialisation. Il arrive fréquemment que ces spécifications ne concordent pas tout à fait. Je reviens un peu en arrière, si vous permettez. Certaines qualités d'acier étranger peuvent satisfaire aux spécifications d'emploi en Amérique du Nord.

Souvent, elles font plus qu'y satisfaire. En d'autres termes, la qualité est supérieure à celle effectivement requise pour la destination de l'acier en cause. Il n'y a pas de valeur marchande intérieure, dans le pays d'origine, pour la qualité nord-américaine, par conséquent, une évaluation des qualités, à notre avis, est nécessaire pour fixer la valeur marchande intérieure. Prenons un exemple simple, celui d'un camion-benne de deux tonnes utilisé pour faire le travail d'un camion d'une tonne. Si un étranger exporte un camion de deux tonnes au prix d'un camion d'une tonne, il décroche la vente. A notre avis, il y a là peut-être un cas de dumping, car il y a sous-évaluation de la marchandise, même si la loi semble respectée.

**M. Downey:** Si j'ai bien compris, il n'y a pas de moyen pour déterminer, en ce



[Text]

termine grading, nor is there any grading structure set up which might be used to determine dumping?

**Mr. Waters:** We are not aware of machinery set up for this purpose, although there has been liaison between the Department of National Revenue and many steel producers. Our hope in making this comment is that that liaison will be continued and improved.

**The Chairman:** Mr. Hind?

**Mr. Hind:** Mr. Chairman, we are frequently faced with problems of this kind in the sense that the Department of National Revenue officers are not always experts in a particular field. When we have found ourselves in trouble in making comparisons, we have invariably in the past, and we will do so in the future, consulted the knowledgeable people; among others the manufacturers of similar goods in Canada. While I do not know too much about the steel business, as illustrative of what I am saying, in the past we have had to investigate the value of shoes from a certain country.

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The shoes coming to Canada were different from the shoes sold in the home market, and there was a difference of opinion between the exporters and the Department of National Revenue as to the value differential between the imported shoe and the shoe sold in the home market. As illustrative of what we do, we brought in two experts: one from the Department of National Defence and one from, I think, the Department of Industry or Defence Production, who are buying shoes every day and who know the differences in value for the presence of a steel toe in a shoe as opposed to no steel toe; or a steel shank and no steel shank; an eight-inch shoe as opposed to a six-inch shoe. We based our judgment on the advice that we received from experts in the field, and it is our intention to continue this practice in the future.

**The Chairman:** Mr. Downey.

**Mr. Downey:** On page 6, under the Canada Customs Act as regards freight rate absorption in the pricing of products, there is some mention of the pricing system being a bit unfair. Would you care to elaborate on this?

**The Chairman:** Mr. Downey, I think you refer to the regulations.

**Mr. Downey:** Yes.

[Interpretation]

moment, la classification ou la qualité de l'acier et pour déterminer s'il y a dumping?

**M. Waters:** Nous ne connaissons pas de moyen de ce genre. Des contacts ont cependant été pris entre le ministère du Revenu national et beaucoup d'aciéristes. En faisant ce commentaire, nous espérons que ces contacts se poursuivront et s'amélioreront.

**Le président:** M. Hind?

**M. Hind:** Monsieur le président, souvent nous avons à faire face à des problèmes de ce genre.

Lorsque nous avons eu des difficultés à faire des comparaisons, dans le passé, et nous continuerons de le faire à l'avenir, nous sommes allés consulter des gens renseignés, entre autres, les fabricants de produits semblables au Canada. Bien que je ne sois pas très au courant du commerce de l'acier, pour illustrer ce que j'avance. Dans le passé, nous avons dû faire enquête sur la valeur de chaussures qui venaient d'autres pays.

Les chaussures importées au Canada étaient différentes de celles vendues sur le marché d'origine et il y a une différence d'opinion entre les exportateurs et le ministère du Revenu national au sujet de la différence de valeur entre les chaussures étrangères et les chaussures produites au Canada.

Nous avons donc fait venir deux spécialistes, l'un du ministère de la Défense nationale, et l'autre du ministère de l'Industrie et du Commerce ou de la Production de défense, qui achètent des chaussures tous les jours et qui connaissent la différence dans la valeur des articles, par exemple, la présence ou l'absence d'un bout en acier ou d'un support d'acier, et nous nous sommes fondés sur les avis d'experts dans ce domaine. Et nous avons l'intention de continuer à agir de la sorte à l'avenir.

**Le président:** Monsieur Downey.

**M. Downey:** On a parlé de la partialité du système des prix, à la page 6, d'après la Loi sur les douanes, quant à l'incorporation du taux de fret dans le prix des produits.

**Le président:** Je pense que vous vous reportez aux règlements, n'est-ce pas, monsieur Downey?

**M. Downey:** Oui.



[Texte]

**The Chairman:** I have already limited Mr. Gray on general comments on a section of the White Paper and I ask that we delay our questioning on the regulations if it is possible, to give the others a chance to ask questions.

**Mr. Downey:** That is fine.

**The Chairman:** Any other questions? Mr. Lambert, followed by Messrs. Howard and Danson. Mr. Lambert.

**Mr. Lambert (Edmonton West):** Mr. Chairman, I want to get into the realm of long lead goods. The other day while we were listening to the manufacturers of heavy electrical equipment, it came out very clearly that it was extremely difficult to pin a dump on equipment coming in where this was under a tender and would be supplied, for example, only two years hence. There is difficulty even in getting the information from the tender. I take it that in the steel industry you are faced with the same problem; for instance, when a bid call goes off for the erection in Toronto or Montreal of a huge building or some other structure where a great deal of steel is used and this will have to be manufactured to specification. But it is too late when the steel enters the country to determine whether dumping is occurring.

I would like to get comments from the industry on how you face up to that problem, or is there any way of facing up to the problem? And are you aware that on occasion you have actually run into steel products that have been dumped into this country under this type of transaction?

**The Chairman:** Mr. Weeks.

**Mr. Weeks:** Mr. Lambert, I believe this was dealt with at some length while you were out of the room a while ago. I mentioned that one of our disadvantages here is the fact that, contrary to certain heavy machinery equipment whereby goods are sometimes purchased on a contract that is signed two years prior to entry of the machinery, they have the opportunity, in many cases, of investigating the price and determining whether there is dump and/or injury and they may head off the actual entry, or they may get the price bumped up or something. We do not know anything until months after the entry is made.

• 1050

**Mr. Lambert (Edmonton West):** The evidence here was that they do not, because they cannot get hold of the contracts, they cannot get hold of the pertinent documents. Therefore, although it is true that dumping duty or

[Interprétation]

**Le président:** J'ai limité M. Gray dans ses commentaires généraux sur un article du Livre blanc et j'ai demandé qu'on retarde notre interrogatoire au sujet des règlements, afin de donner à tout le monde la chance de poser des questions.

**M. Downey:** Bien.

**Le président:** M. Lambert, suivi de M. Howard et Danson.

**M. Lambert (Edmonton-ouest):** Je voudrais parler des marchandises dont la production exige un long délai. L'autre jour, après le témoignage des fabricants de matériel électrique lourd, il est apparu qu'il était très difficile de déterminer le dumping au sujet des produits importés à la suite d'offres de prix. Souvent, il se passait deux ans avant qu'on puisse obtenir les renseignements voulus. Je pense que le même problème existe en ce qui concerne l'acier. Par exemple, lorsqu'on fait un appel d'offres pour de grandes bâtisses, à Montréal ou à Toronto, où l'on utilise beaucoup d'acier, où les pièces doivent être fabriquées d'après des devis, souvent, il est trop tard lorsque l'acier arrive au Canada, il est trop tard pour déterminer s'il y a eu dumping. J'aimerais que les représentants de l'industrie nous disent comment on règle ce problème ou s'il y a des moyens de régler le problème. Et est-ce que vous êtes au courant qu'en certaines occasions il y a du dumping de produits de l'acier?

**Le président:** Monsieur Weeks.

**M. Weeks:** Monsieur Lambert, je pense qu'on a parlé assez longuement de ce problème lorsque vous n'étiez pas dans la salle. Contrairement à ce qui arrive dans le cas de la machinerie lourde, lorsque les contrats sont signés deux ans avant d'entrer de la machinerie, on a l'occasion de faire enquête sur le prix et de déterminer s'il y a dumping et préjudice, mais souvent le prix est augmenté. On ne sait jamais rien avant des mois après que l'entrée a été faite.

**M. Lambert (Edmonton-ouest):** Vous dites que ce n'est pas possible parce que l'on ne peut pas obtenir le contrat ou les documents, bien qu'il arrive que le ministère du Revenu national impose des droits de dumping

[Text]

action by the Department of National Revenue may take place at the time of the entry of the goods, in the interval Canadian industry has been sitting idle for two years.

**Mr. Weeks:** But on some occasions, because of licensing arrangements and so on, they do know substantially ahead what the contract price is; whereas in our case, as I mentioned earlier, usually—at least very seldom is it otherwise we find the amount of the importation and the value of it from Dominion Bureau of Statistics figures, which are presently running three to four months behind the actual importation. If you take those three to four months plus the 90 days or 120 days for the Department of National Revenue to investigate it, we have lost a whole season of navigation. The importation has continued all through the year.

**Mr. Lambert (Edmonton West):** Let us take a major building in Toronto where there will be thousands of tons of steel going into it. The industry is aware of this requirement. Obviously it may have been asked to quote by a contractor or by, shall we say, a steel fabricator. It does not get the order; it goes somewhere else. Obviously your sales people are very much interested in where it did go and at what price. What about that, gentlemen? Can you find out that information?

**Mr. Weeks:** Not for quite some time afterwards. Sometimes we are unable to get it all, but if we succeed in getting it, it is after the event and after any opportunity for us to do anything about it.

**Mr. Lambert (Edmonton West):** Let us assume that you do find out that the steel to go into structural forms is going to be brought in from some foreign country obviously at a dumped price. I am sure that your intelligence is that good. Then you can make a complaint to the Department of National Revenue and initiate the action.

**Mr. Weeks:** Heretofore we made such complaints after the entry. We have made quite a substantial number of complaints. Mr. Hind will confirm this. We are not critical of his Department at all, but up until this time we are not aware of what action has been taken or what the results of those actions have been. But truly we have been delinquent for time lag; not because of anything we could do, but because of the lack of time and information.

**Mr. Lambert (Edmonton West):** I am just wondering where you find out this information. What do you do? Do you just sit and wring your hands?

[Interpretation]

rétroactivement à l'entrée des produits; mais pendant ce temps-là, les sidérurgies canadiennes sont en chômage.

**M. Weeks:** Parfois, on sait assez longtemps d'avance quel est le prix du contrat. Mais dans notre cas, d'habitude, nous connaissons le volume de l'importation et nous obtenons la valeur d'après les chiffres du Bureau fédéral de la statistique, qui sont environ trois ou quatre mois en retard sur les importations actuelles. Ce qui fait qu'en plus des 90 ou 120 jours que le Revenu national prend à faire l'enquête, nous avons perdu toute une saison de navigation.

**M. Lambert (Edmonton-ouest):** Prenons le cas d'un édifice assez considérable à Toronto, où l'on utilise des tonnes et des tonnes d'acier. L'industrie sait que l'on aura besoin de cette quantité d'acier et l'on demande des prix, par l'intermédiaire d'un entrepreneur ou d'un fabricant d'acier. Et si la sidérurgie n'obtient pas le contrat, c'est un autre qui l'obtient. Vos vendeurs aiment bien savoir quelle est la commande et quel en est le prix. Alors, que dites-vous de cela? Est-ce que vous pouvez obtenir ces renseignements?

**M. Weeks:** Non, pas avant quelque temps. Souvent, nous parvenons à obtenir ces renseignements, mais il est trop tard pour agir.

**M. Lambert (Edmonton-ouest):** Supposons que vous découvrez que l'acier qui doit faire partie d'un édifice est importé à un prix de dumping,—et je sais que vous devez obtenir ces renseignements,—vous pouvez alors porter plainte auprès du ministère du Revenu national et mettre l'enquête en branle.

**M. Weeks:** Jusqu'ici, nous avons porté de telles plaintes après l'importation. Nous avons fait assez de plaintes nous ne critiquons pas le ministère de M. Hind, mais jusqu'ici, nous ne savons pas encore quelles mesures ont été prises et quel a été le résultat.

Nous nous plaignons du retard, du fait que nous n'avons pas les renseignements à temps.

**M. Lambert (Edmonton-ouest):** Je me demande où vous prenez ces renseignements. Est-ce que vous les attendez patiemment?



[Texte]

**The Chairman:** Mr. Lambert, I think Mr. Moloughney would like to answer on Mr. Weeks' behalf.

**Mr. Moloughney:** If I may, Mr. Chairman. Not really too much of our steel is sold in the form or under the conditions you specify, Mr. Lambert. In the case that you are citing, the general contractor who has won the award for the building would call from a steel fabricator who would erect. He is not, in fact, part of the basic industry. When he goes to buy his steel at the time that he required it in terms of his pert plans, he will buy it wherever he best can. At this time he is looking for a bit here and a bit there from a variety of sources, both domestic and offshore. So, as Mr. Weeks says, it is only on the entry that in fact we usually know as an industry what has happened on that one contract.

But may I specify another example that we personally in our company are familiar with. We have a fabricating operation as part of our organization that quotes on tower steel. We quote as a contract erected. We know what price we think we have to put in to take the contract. We find that we have lost the contract and that the Italians are successful, but as to a margin we are not too clear. We assume, though, from the price that we have put in and from the others' having won, that their level is below by two per cent or five per cent. We look at the Italian prices in the domestic market. We come to the Department saying, "We think that this is dump or, at least, subsidy, and therefore that countervailing duty should apply". We do not know what the results are under current legislation. Maybe under the proposed act we will in this type of case get a better picture of what will happen.

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**The Chairman:** Mr. Arthur.

**Mr. Arthur:** Mr. Chairman, I wanted to point out to the witnesses that under the bill, unlike the present legislation, liability for dumping can be established at the time of sale rather than as now at the time of importation. Providing, of course, that the industry can obtain some information, this should be of assistance in establishing the liability at least in advance of importation. I want to raise that because the illustrations that have been used, providing the information is available, would not pertain under the proposed legislation. In other words, under the proposed legislation it is possible to establish liability for dumping at the time of sale; and if that is well in advance of importation, then that is when the liability can be established providing the facts are known.

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[Interprétation]

**Le président:** Monsieur Lambert, je crois que M. Maloughney va répondre au nom de M. Weeks.

**M. Moloughney:** Monsieur le président, il n'y a pas beaucoup d'acier qui se vend dans les conditions dont vous parlez, monsieur Lambert. Dans les cas que vous citez, il y a un entrepreneur qui demande des prix au fabricant d'acier. Il ne fait pas partie de l'industrie de base. Lorsqu'il va chercher son acier, il l'achète au meilleur prix possible. Il demande des prix de diverses sources, étrangères et domestiques. Mais, comme l'a dit M. Weeks, ce n'est qu'au moment de l'importation que nous savons ce qui se passe dans les cas des contrats.

Mais voici un autre exemple que nous connaissons bien. La fabrication fait partie du travail de notre organisation. Nous donnons les prix de certaines variétés d'acier. Nous savons le prix que nous devons offrir pour obtenir le contrat. Si nous perdons le contrat et qu'une société italienne l'obtient, nous ne savons pas la marge de prix. Nous croyons cependant que l'autre société a obtenu le contrat à un prix inférieur de 2 p. 100, ou de 5 p. 100. Nous examinons les prix italiens sur le marché intérieur, puis nous allons au ministère et nous leur disons: «Voici. Nous croyons qu'il y a dumping, ou au moins octroi de subsides; on doit donc imposer des droits antidumping». Nous ne savons pas quels sont les résultats. Peut-être qu'avec la nouvelle loi, nous pourrions obtenir ces renseignements et savoir exactement ce qui se passe.

**Le président:** Monsieur Arthur.

**M. Arthur:** Monsieur le président, je voulais faire remarquer au témoin que d'après le nouveau projet de loi, contrairement à la loi actuelle, la responsabilité du dumping peut être établie au moment de la vente plutôt qu'au moment de l'importation, comme en ce moment. Pourvu, bien sûr, que l'industrie puisse obtenir des renseignements, cela devrait être utile pour établir la responsabilité, du moins avant l'importation. Et la raison pour laquelle je soulève ce point, c'est que les exemples que l'on a donnés, à condition que les renseignements soient disponibles, ne pourraient pas se produire d'après la nouvelle loi que l'on projette d'adopter.



[Text]

**The Chairman:** Mr. Lambert, have you any more questions?

**Mr. Lambert (Edmonton West):** No, but in this particular field there may be some others.

**The Chairman:** Thank you, Mr. Lambert. Mr. Howard.

**Mr. Howard (Okanagan Boundary):** Mr. Chairman, there has been some discussion about this problem of pricing and so on and there was considerable discussion earlier about how competitive these companies are domestically. I would like to ask in what ways the companies compete. It has been suggested that we have a set of standards on the quality of steel in North America, but in what other ways would Algoma compete with Stelco, for instance, on the same product?

**The Chairman:** Mr. Weeks.

**Mr. Weeks:** Not only pricewise do we compete, but on many occasions the element of delivery is of very vital significance. I am thinking particularly of flat rolled products where Stelco, Algoma and Dofasco compete. The customer may decide that he wants delivery next week and maybe one, maybe two, maybe all of us can do it. That is a prime factor.

Pricewise we are usually pretty close to each other, if not exact. Prices are published. They are not secret and we do know—we think we know—what each other charges from these published prices and we attempt to be strictly competitive. So delivery and quality are usually strictly comparable. The steel is ordered to a specification for chemical and physical elements, finish, dimensional tolerances and so on. If one is not as good as the other he does not expect to be able to take that piece of business, but as was mentioned earlier in our summary this morning, we are actively after each piece of business, each of us capable of doing it. So it is price, quality, delivery, service—always with one eye on the foreign.

**The Chairman:** Mr. Craig.

**Mr. Craig:** I think one other very important point is that we work to standards that are set up by the industry. As Mr. Weeks said, we publish prices, but I shall give you an illustration of something that is quite easy to understand for someone who is not familiar with our industry. For example, you buy cold rolled sheet .030" thick and you are allowed plus or minus three thousandths; you are still within tolerance. If one of the mills should

[Interpretation]

**Le président:** Monsieur Lambert, est-ce que vous avez d'autres questions?

**M. Lambert (Edmonton-ouest):** Non, pas dans ce domaine en particulier. J'aurai peut-être d'autres questions, mais c'est tout pour le moment.

**Le président:** Monsieur Howard.

**M. Howard (Okanagan Boundary):** Monsieur le président, on a parlé du problème des prix, et plus tôt, on a parlé de la possibilité de faire face à la concurrence intérieure. J'aimerais savoir de quelle façon les sociétés se font concurrence. On a parlé de normes de classification pour l'acier d'Amérique du Nord. Mais comment la compagnie Algoma peut-elle concurrencer la Stelco, par exemple, pour un même produit?

**Le président:** Monsieur Weeks.

**M. Weeks:** Non seulement au point de vue du prix, mais en plusieurs occasions la question de la livraison est très importante. Je parle surtout de l'acier plat. Algoma, Stelco et Dofasco peuvent se faire concurrence dans ce domaine. Si un client veut la marchandise dans une semaine, la date de livraison est une question très importante alors. Les prix sont publiés, ils ne sont pas secrets. Nous connaissons les prix des autres sociétés et nous essayons de leur faire concurrence.

Par conséquent, lorsque la qualité et la date de livraison sont connues, si un acier n'est pas aussi bon que l'autre, c'est là que la concurrence se fait sentir. Comme on l'a déjà dit dans un mémoire ce matin, nous nous faisons une concurrence vigoureuse. Les éléments de cette concurrence sont le prix, la date de livraison, la qualité et le service.

**Le président:** Monsieur Craig.

**M. Craig:** Je pense qu'il y a un autre point très important. Nous respectons les normes établies par l'industrie et, comme on vient de le dire, nous publions les prix. Mais voici un exemple d'une chose qui est très facile à comprendre, même pour une personne qui ne connaît pas très bien notre industrie.

Par exemple, lorsque l'on achète une feuille d'acier laminé à froid de 0.30 po. d'épaisseur plus ou moins trois millièmes, on est encore

## [Texte]

have more modern equipment so it can make that product to plus or minus one and keep it closer to the mean, and then it buys the product by the ton for manufacture of an article it sells by the unit, if you buy from the mill with a closer tolerance you will get more units per ton of steel you purchase. This is another area that is most important in quality.

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I think the other most prevalent competitive point now that Canada is self-sufficient in steel is the company that can be relied upon when you get 7 or 7½ per cent money and you can reduce your inventory because you can rely on your supplier to deliver the goods when you want it. This is one of the most important competitive features we have at the present time.

**Mr. Howard (Okanagan Boundary):** If one company were competing with another and one has a plant in Sault Ste. Marie and the other in Hamilton and there are customers in a third city, there must be some difference in freight costs of shipping the product to the site. You must be in competition in this regard; you must absorb some of the freight costs. Is that right?

**Mr. Craig:** It is normal practice with all steel mills in North America to meet the freight competitive situation so that there is an f.o.b. delivered price equivalent. This is done in the industry and has been done for quite a long while.

**Mr. Howard (Okanagan Boundary):** A few minutes ago we were talking about the erection of steel towers on a contract basis. It was suggested that Italian contractors sometimes put in lower bids on these towers. It seems to me that in all of these instances there is not really much difference between foreign competition and domestic competition.

If a half dozen contractors in Canada compete on a job, one of them gets the contract. He may bid below his cost price; he may lose money on the deal. Others bid other prices and they win or lose. Nobody cries for the fellow who gets the deal in Canada. You do not complain when somebody in Canada absorbs a freight cost, but you do complain if a foreign exporter sends a product into Canada and absorbs the freight cost.

I find it difficult to tell the difference between dumping and normal competition. You call it normal competition when it happens in Canada, but when a foreigner ships

## [Interprétation]

dans les tolérances maxima et minima. Si l'une des usines possédait un équipement plus moderne pour fabriquer un produit à plus ou moins un et le garder plus près de la moyenne, elle achèterait alors le produit à la tonne pour fabriquer un article qu'elle vendrait à l'unité, et si on achète de l'usine avec une tolérance plus étroite, on obtient plus d'unités par tonne d'acier que l'on achète. C'est encore un autre élément qui est très important en ce qui concerne la qualité.

Je pense aussi que l'autre point de concurrence le plus important, maintenant que le Canada peut suffire à ses propres besoins en acier, est la société sur laquelle vous pouvez vous fier pour obtenir 7 ou 7½ p. 100 et réduire votre inventaire, parce que vous savez que votre fournisseur vous livrera la marchandise sur demande. C'est l'un des points parmi les plus importants de la concurrence que nous ayons à l'heure actuelle.

**M. Howard (Okanagan Boundary):** Si une société fait concurrence à une autre, et que l'une a une usine à Sault-Ste-Marie et l'autre à Hamilton, et que le client est dans une troisième ville, il doit y avoir une différence dans les frais de transport du produit à destination. Cela doit être aussi un élément de concurrence. Vous devez absorber une partie des frais de transport, n'est-ce pas?

**M. Craig:** C'est une pratique normale dans toutes les aciéries de l'Amérique du Nord pour faire face à la concurrence. On doit donner un prix de livraison franco à bord équivalent.

Cela se fait dans l'industrie depuis assez longtemps.

**M. Howard:** Il y a quelques minutes, on parlait de l'érection de tours d'acier, sur une base contractuelle. On a dit que les entrepreneurs italiens font des soumissions plus basses pour ces tours. Alors je pense que, dans tous ces cas, il n'y a pas beaucoup de différence entre la concurrence étrangère et la concurrence au pays. Si une demi-douzaine d'entrepreneurs canadiens font des soumissions pour un contrat, l'un d'eux obtient le contrat mais peut-être qu'il y perd, parce qu'il demande moins que le prix de revient. Les autres demandent d'autres prix et ils gagnent ou perdent. Personne ne s'en fait. Au Canada, lorsque quelqu'un absorbe les frais de transports, on ne se plaint pas. Mais, s'il s'agit d'un importateur étranger, on s'en plaint.

Je trouve qu'il est difficile de dire la différence entre le dumping et la concurrence normale. Vous l'appellez concurrence normale lorsqu'il s'agit d'entreprises canadiennes, mais



[Text]

his product in here under competitive conditions, you quite frequently want to refer to it as dumping.

Now, I recognize that there may be standard prices available to industry in other countries, and if our surplus is sloughed off then that is dumping, but at other times it seems to me you want to call normal competition dumping and I do not think it is.

**Mr. Craig:** We have no reason to call normal competition dumping, but if the manufacturer of that tower in Italy, say, is selling it for a great deal more in his own country and the steel that goes into it than he would charge for it here in Canada, it is a loss leader, as it were, to keep his plant going and to help to carry his overhead, and we do consider that dumping.

You also get situations overseas where they are absorbing \$3 a ton freight, as an illustration, to a basing point, and the freight from the plant to seaboard is \$3, but in other instances they have freight absorption of \$20 a ton to other destinations in other countries and they make an allowance of \$20; this is an area of dumping.

**Mr. Howard (Okanagan Boundary):** If you have a plant that is producing for 10 months of the year and you have a chance to pick up an order that would fill up the other two months of the year, you would be prepared to sell the product of that last two months of the year for less than you would sell your product for the first 10 months, would you not?

**Mr. Craig:** No, we would not because we have gone to the liquidation of many of our customers that have tried this practice. It goes from two months to four months to six months and twelve months and then—kaput. It is a very dangerous pricing practice to try to sell just to carry your overhead. Another very difficult feature is that if you are only carrying your overhead, there is not that 52 per cent to help Ottawa.

**Mr. Howard (Okanagan Boundary):** Are you telling me that this is never done in the steel industry in Canada?

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**Mr. Craig:** To my knowledge it is not done. Possibly in the secondary fabricating it is, and we have been to the demise of several fabricators in my 33 years in the steel industry.

[Interpretation]

lorsqu'un étranger envoie ses marchandises ici, et qu'il y concurrence, vous voulez dire assez souvent qu'il s'agit de dumping.

Je me rends compte qu'il y a probablement des prix normaux pour l'industrie dans les autres pays, et si nos excédents, sont écartés, il s'agit alors de dumping, mais, à d'autres moments, je pense que vous voulez appeler la concurrence normale, du dumping, et que ce n'en est pas.

**M. Craig:** Nous n'avons pas de raison d'appeler la concurrence normale, du dumping, mais si le fabricant de la tour, en Italie, par exemple, la vend pour beaucoup plus d'argent dans son pays, pour l'acier qui y est contenu, qu'il n'en demanderait ici, dans ce dernier cas, il subirait une perte pour que son usine continue de fonctionner et l'aide à supporter ses frais généraux, et c'est ce que nous regardons comme du dumping.

Dans d'autres cas, outre-mer, on absorbe parfois \$3 par tonne de frais de transport et le transport de l'usine jusqu'à la mer est de \$3 également. Mais, dans d'autres cas, on absorbe des frais de transport de \$20 la tonne pour l'acheminer dans d'autres pays et il y a une allocation de \$20. C'est donc du dumping dans ce cas.

**M. Howard (Okanagan-Boundary):** Si une usine produit pendant 10 mois par année et qu'il arrive des commandes qui permettent de travailler pendant les deux autres mois, vous seriez disposés à vendre le produit de ces deux derniers mois moins cher que pendant les 10 premiers mois, n'est-ce pas?

**M. Craig:** Non, parce que nous avons déjà liquidé bien des clients qui font cela, cela va de 2 à 4, à 6, ensuite à 12 mois et ensuite, fini! C'est une pratique très dangereuse d'essayer de vendre pour payer les dépenses seulement, car ensuite, si vous ne supportez que les frais généraux, il n'y a plus ce 52 p. 100 pour aider Ottawa.

**M. Howard (Okanagan-Boundary):** Vous me dites que cela ne se fait jamais dans l'industrie de l'acier, au Canada?

**M. Craig:** Pas que je sache. Peut-être pour la fabrication de produits du secteur secondaire, et nous avons assisté à l'abandon de beaucoup de fabricants au cours de mes 33 ans dans l'industrie de l'acier.



[Texte]

**Mr. Howard (Okanagan Boundary):** In the matter of contracting, it seems to me I have many times heard contractors who have lost a bid say that the fellow who got it could not possibly bid it for that price. He may have had his reasons for doing it but nobody puts any anti-dumping regulations into effect against him for doing it.

**Mr. Craig:** You mean in a domestic...

**Mr. Howard (Okanagan Boundary):** In a domestic market.

**Mr. Craig:** In a domestic market, yes. Well, there are no regulations to stop fools from being in business.

**Mr. Howard (Okanagan Boundary):** No, there are not, but you are asking for what looks to me in some cases like regulations against fools in the international market.

**Mr. Waters:** I think the point that dumping is recognized internationally is not a fair method of doing business and when, you might say, dumping is done in Canada within the nation, one competitor to another, the labour of the contract still stays in Canada. It may not be with one particular company but it is with another company. When competition arises from foreign sources because of dumping at prices for which they are unwilling to sell in their own country, then in effect it takes business away from Canada, from Canadian employment, and taxes from Canada.

**Mr. Howard (Okanagan Boundary):** I am well aware of the general...

**Mr. Waters:** It is a recognized international problem, perhaps; the other is classed as fair competition within a national border. I do not know that we can get into this argument—it is bigger than we are.

**Mr. Howard (Okanagan Boundary):** Thank you, very much.

**Mr. Moloughney:** We speak from a steel background and our concern in part is with the nature of the competition because of ownership and philosophies that are unnecessarily tied to free trade or protectionism. Much of steel internationally is controlled directly or indirectly by government with sociological interests.

As you are probably well aware, the international demand for steel is not elastic. We are volatile in terms of the demand side because of our ties to construction. Internationally you will quite often have a weakness. Because of the backgrounding of some of the

[Interprétation]

**M. Howard (Okanagan-Boundary):** Dans la question des contrats, j'ai souvent entendu les entrepreneurs qui ont perdu une soumission dire que celui qui avait obtenu le contrat ne pouvait pas le soumettre à ce prix. Il peut avoir ses raisons pour le faire, mais personne n'invoque contre lui les règlements antidumping.

**M. Craig:** Vous voulez dire sur le marché domestique...

**M. Howard (Okanagan-Boundary):** Sur le marché domestique.

**M. Craig:** Oui. Il n'y a pas de règlements pour empêcher quiconque d'être en affaires.

**M. Howard (Okanagan-Boundary):** Non, il n'y en a pas, mais, vous me demandez ce qui, dans certains cas, me paraît des règlements contre quiconque sur le marché international.

**M. Waters:** On reconnaît le dumping de façon internationale. Ce n'est pas une façon de faire des affaires. Lorsqu'il y a dumping au Canada, entre concurrents canadiens, la main-d'œuvre pour ce contrat reste toujours au Canada, que ce soit avec une société particulière ou avec une autre. Et, lorsqu'il y a concurrence venant de sources étrangères à cause du dumping, à des prix pour lesquels elles refusent de vendre dans leurs propres pays, cela enlève au Canada des contrats, du travail pour la main-d'œuvre, des impôts, etc.

**M. Howard (Okanagan-Boundary):** Je me rends bien compte de...

**M. Waters:** C'est un problème international reconnu, peut-être; on classe l'autre comme juste concurrence dans les limites nationales. Je ne sais pas si nous pouvons aborder cette discussion. C'est au-dessus de nous.

**M. Howard (Okanagan-Boundary):** Merci beaucoup.

**M. Moloughney:** Nous parlons de l'industrie de l'acier. Il y a la nature de la concurrence à cause de la propriété et des principes qui sont inutilement reliés au commerce libre ou au protectionnisme. L'acier, en grande partie, est contrôlé directement ou indirectement par les pays pour des intérêts sociologiques.

Comme vous le savez, la demande internationale pour l'acier n'est pas élastique, car elle est liée à la construction. Il y a souvent des faiblesses au point de vue international. A cause de certaines sociétés qui vendent sur le marché et qui se préoccupent des niveaux

[Text]

companies that are coming into this market who are concerned with employment levels, steel will most likely be dumped then.

Under the first sentence of Article 6 we say that the contracting parties recognize that dumping is to be condemned internationally through, I think, international borders.

May I make a second point—that same supplier from a foreign country will not usually offer what we call and, in fact, is in some cases a dump price in his own market because he cannot increase demand in his own market by so offering. He will lower his price to obtain his volume in our market. We cannot see the benefit to Canada in the situation.

**Mr. Gillespie:** I was wondering, Mr. Chairman, whether the Canadian industry has looked at this from its own point of view. In other words, has it tried these practices itself in international markets to extend the market for its product?

**The Chairman:** Mr. Craig?

**Mr. Craig:** I think a very interesting study that *Fortune* magazine puts out each year makes a survey of the 500 largest industries in the United States, and the 200 largest industries in the world outside of the United States. If you make a study of the steel industry, the countries that have tried this type of pricing philosophy and policy show no profit whatsoever.

The Japanese steel industry that is as modern and as efficient as anything in the world is making less than 2.5 per cent net profit. The British steel industry in 1967 lost money; the French steel industry lost money; the German steel industry made one-half of 1 per cent net, and so long as I have anything to do with our small portion of the steel industry I am certainly not going to go out and practise that type of commercialism.

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**Le président:** Je donne maintenant la parole à M. Danson, suivi de M. Portelance. Cela va lui permettre de poursuivre son cours de français.

**Mr. Danson:** I forgot my French lesson this morning, Mr. Chairman. Could the gentlemen tell me whether the companies represented today are the total producers of steel in this country?

**The Chairman:** Mr. Craig?

[Interpretation]

d'emploi, alors, il y aura probablement du dumping d'acier.

A la première phrase de l'article 6, nous disons que les parties contractantes reconnaissent que le dumping est condamnable internationalement.

Permettez-moi d'ajouter un deuxième point. Le fournisseur d'un pays étranger n'offrira pas, ce qu'on appelle, et qui est, de fait, un prix de dumping sur son marché, car, ce faisant, il ne peut augmenter la demande sur ce marché. Il diminuera donc son prix pour obtenir son volume sur notre marché. Nous ne voyons pas en quoi le Canada profite de cela.

**M. Gillespie:** Monsieur le président, je me demandais si l'industrie canadienne a envisagé la chose de son propre point de vue. En d'autres termes, a-t-elle elle-même exercé ces pratiques dans les marchés internationaux pour trouver plus de débouchés pour ses produits?

**Le président:** Monsieur Craig?

**M. Craig:** Je pense que c'est une étude fort intéressante qui est publiée, chaque année, dans le magazine *«Fortune»*. On fait une enquête sur les 500 plus grandes industries aux États-Unis et les 200 premières industries au monde à l'extérieur des États-Unis. Si on étudie l'industrie de l'acier, les pays qui ont adopté cette politique des prix n'enregistrent aucun profit.

L'industrie de l'acier, au Japon, qui est aussi moderne et aussi efficace que n'importe où ailleurs dans le monde, a un bénéfice net de moins de 2½ p. 100; les Britanniques y ont perdu de l'argent en 1967; l'industrie française y a perdu également; l'industrie allemande a fait ½ p. 100 de profit net. Et, tant que j'aurai quelque chose à faire dans notre petit secteur de l'industrie de l'acier, je n'exercerai sûrement pas ce genre de mercantilisme.

**The Chairman:** I will give the floor to Mr. Danson and then to Mr. Portelance. This will enable him to take his French lesson.

**M. Danson:** Monsieur le président, j'ai oublié ma leçon de français ce matin. Pourrait-on me dire si les sociétés représentées ici comprennent tous les producteurs d'acier au pays?

**Le président:** Monsieur Craig?



[Texte]

**Mr. Craig:** Mr. Chairman, I must apologize for my opening remarks. We have represented here Mr. Allan Orr, Vice-President of Sales of Atlas Steels Company, and Mr. Frank Abbinett. They are not of the basic group but they are a very important part of the steel industry in Canada. There are other small steel producers not represented at this meeting today.

**Mr. Danson:** Thank you. Is the industry in Canada capable of supplying the total Canadian demand?

**Mr. Craig:** Yes, the Canadian industry can supply the total Canadian demand with the exception of some very small tonnages of special items that it would not pay to set up to produce.

**Mr. Danson:** Mr. Craig, would you say that the technology within the industry is pretty much equivalent to the standard of technology and production techniques achieved in other countries?

**Mr. Craig:** The Canadian steel industry as it now stands is as modern as any steel industry in the world. We will take on anyone, as I said before, on like terms and like conditions. The Canadian steel industry is also expanding at the present time. In the morning paper it was announced that the Steel Company of Canada is putting \$50 million into new BOF furnaces, oxygen furnaces, that are the most efficient way of making steel in the world. Our own company has just ordered a \$25 million blast furnace that will be as modern as anything in the world.

Algoma Steel Corporation are the first people in the world to continuous cast a slab to make a wide-flange beam. There will be streams of visitors coming to Algoma to see how this is done because it has improved the technology, the operation.

Atlas Steel Company has a very, very modern mill, the first in the world, at Tracy. They have had problems with it but the Canadian steel industry, technologically, is as good as anything in the world.

**Mr. Danson:** Thank you. Mr. Craig, we have discussed standards before. Are the standards arrived at by industry agreement, or do you have an independent body such as CSA to set standards?

**Mr. Craig:** CSA and other groups have set the standards.

[Interprétation]

**M. Craig:** Je vous prie d'excuser mes premières observations. Nous avons ici M. Allan Orr, qui est vice-président des ventes pour la Atlas Steels, et M. Frank Abbinett. Ils ne font pas partie du groupe principal, mais ils représentent une partie importante de l'industrie de l'acier au Canada. Il y a d'autres petites aciéries qui ne sont pas représentées à la réunion, aujourd'hui.

**M. Danson:** Merci. Est-ce que votre industrie, au Canada, peut répondre à la demande canadienne?

**M. Craig:** Oui. L'industrie canadienne peut répondre à toute la demande, sous réserve de quelques petites quantités d'articles spécialisés. Cela ne serait pas rentable de les produire ici.

**M. Danson:** Monsieur Craig, pourriez-vous me dire si la technologie dans l'industrie est équivalente aux normes de la technologie et des techniques de la production des autres pays?

**M. Craig:** La sidérurgie canadienne est aussi moderne que n'importe quelle autre industrie de l'acier dans le monde. Comme je l'ai déjà dit, nous acceptons le défi de quiconque lorsque les normes sont conformes. L'industrie de l'acier, au Canada, prend de l'expansion aujourd'hui. Dans le journal de ce matin, on dit que la *Steel Company of Canada* a investi 50 millions de dollars pour des fournaies à oxygène. C'est la façon la plus efficace au monde de fabriquer l'acier. Ma société vient de commander un haut fourneau de 25 millions de dollars, aussi moderne que tout ce qu'on produit au monde.

L'Algoma Steel est la première société au monde à couler des plaques d'une pièce pour fabriquer des poutres à table large. Il y aura des visiteurs de tous les coins du monde qui viendront visiter les installations d'Algoma, car on a amélioré la technologie et perfectionné la fabrication.

L'Atlas Steel Company a une aciérie très moderne à Tracy, la première au monde. Au point de vue technologique, l'industrie de l'acier au Canada est aussi avancée que dans tous les autres pays, malgré les problèmes qu'elle a rencontrés.

**M. Danson:** Merci. Monsieur Craig, on a parlé des normes. Est-ce qu'il y a des ententes entre industries ou des organismes privés comme l'Association canadienne de normalisation (CSA) qui établissent les normes?

**M. Craig:** L'ACN (CSA) et d'autres groupes ont établi les normes.



[Text]

**Mr. Danson:** Do you have a problem with what we might call seconds or off-grades, either domestically or from foreign sources?

**Mr. Craig:** Yes, secondary steel is probably one of the greatest commercial problems in the industry. For example, the individual unit of the product has become larger. A coil of steel has gone from 5 tons to 15 tons and you may have 200 feet of flaw in that 15-ton coil. If someone wanted to sell it all as a second, they could do so and this is one way of upgrading the product, and one way that it is almost impossible for Mr. Hind's department really to pin down. This is one of the great ways that some of our offshore competitors have of cheating.

**Mr. Danson:** Is that difficult to detect? From your explanation even to detect it is difficult.

**Mr. Craig:** In fact, it is most difficult and that is one area of upgrading. Another area of upgrading, to give you a very simple illustration, is if you buy a commercial sheet of cold rolled steel to make something flat, such as a table top. If, according to the specification, you wanted to draw something such as a water pitcher, you would require a very special deep-drawing steel and some of the offshore people will ship in a commercial product that is suitable for doing this. This is another area where it is most difficult to detect.

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**Mr. Danson:** I notice a reference to special payment terms on page 5 of your brief. This may be an aside and it might be necessary, but I understood there was a contract with someone in Belgium to build a refinery in one of the Atlantic provinces—perhaps we should not be too specific—where the price was actually considered to be substantially higher than the Canadian quoted price. The terms were not appreciably extended, as a matter of fact, but if you took the effective rate of interest it would have been phenomenal and yet the contract was awarded to the Belgian company. Frankly, I think our recent budget might have fixed that project, but would you consider this to be dumping? Even though the price of the Belgian company was appreciably higher than the Canadian company the Belgian company got the contract because of payment terms.

**Mr. Craig:** This is another way of shading price levels. It is quite a common practice in shipments of steel coming into Canada. This is a most difficult problem to pin down. For example, it is now the end of November and

[Interpretation]

**M. Danson:** Il y a l'acier de seconde qualité qui est produit ici ou à l'étranger. Cela vous cause-t-il des problèmes?

**M. Craig:** Oui, l'acier de qualité seconde représente un grand problème commercial, peut-être le plus grand. Comme les unités deviennent plus grosses, par exemple, un fil d'acier peut d'abord passer de 5 à 15 tonnes et dans ce fil de 15 tonnes il peut y avoir 200 pieds de brisure, on peut parfois la vendre comme qualité seconde. Et, c'est une façon d'améliorer la qualité du produit. M. Hind et son ministère peuvent à peine déceler ces choses-là. C'est un des grands moyens de tricher qu'emploient certains de nos concurrents étrangers.

**M. Danson:** Est-ce difficile à découvrir? C'est très difficile à découvrir d'après votre explication.

**M. Craig:** En effet, c'est très difficile à découvrir. C'est une façon d'améliorer la qualité. Par exemple, si vous achetez une feuille d'acier laminée à froid pour faire une surface de table, ou encore, une feuille d'acier pour faire une carafe d'eau, il faut une certaine qualité d'acier et certaines compagnies étrangères produisent ce genre d'acier. C'est une autre question qui est bien difficile à régler.

**M. Danson:** En page 5 du mémoire, on parle de conditions spéciales de paiement. J'ai cru comprendre qu'un contrat avait été accordé à une société belge pour la construction d'une raffinerie dans les provinces de l'Atlantique; peut-être que nous ne devrions pas être trop précis, mais le prix était beaucoup plus élevé que le prix canadien. Mais les conditions étaient différentes; le taux d'intérêt, entre autres, était différent. Alors le contrat a été adjugé à la compagnie belge. Peut-être qu'un autre budget pourrait nous permettre d'arranger cela autrement. Mais, est-ce du dumping? Même si le prix de la compagnie belge était plus élevé que le prix canadien, la compagnie belge a obtenu le contrat à cause des conditions mentionnées dans le contrat.

**M. Craig:** C'est une pratique commune dans le domaine du transport de l'acier expédié au Canada. C'est un problème difficile à régler. Nous sommes à la fin de novembre et certains concurrents de l'étranger cherchent des com-

[Texte]

some of our offshore friends are busy soliciting orders for shipment at the opening of navigation, and in order to make the tonnage large enough to make the shipment worthwhile they will say, "We will ship X number of tons for a full shipload and then you can pay us as you use it, or you may pay us 60, 90 or 120 days after you use it." At the same time they are asking for 30 day terms in their own market.

**Mr. Danson:** Are there any countries which are particular offenders, or is this done by a number of countries?

**Mr. Craig:** In most countries of the world there is an over-capacity of steel products. The Germans as well as the French and Japanese are very active in the flat-rolled products. Some of the communist countries are active in producing bars and small shapes. I think everyone has a go at the cat whenever they can.

**Mr. Danson:** Yes. And is it on a full range of types of steel, be it pig iron or whatever?

**Mr. Craig:** Yes. For example, we make silicon steel in our company. We have spent \$20 million so that we can go ahead and look after the Canadian market. It is not unusual for two countries—and I am not in a position to mention the names—to come in and say, "Whatever you are paying for it, we will save you 10 per cent", which is rather an unusual pricing philosophy. This is a product that is coming in duty free until such time as we are able to produce the total demand for the Canadian market.

**Mr. Danson:** It is duty free even though you can supply part of the demand?

**Mr. Craig:** Yes, that is right. This gets back to the electrical submission. We do not want to be a dog in the manger, so that they have to pay more for the steel they bring in because of the difficult competition from offshore transformers coming in at the present time.

**Mr. Danson:** Thank you very much, sir.

**The Chairman:** Mr. Portelance?

**M. Portelance:** Merci monsieur le président. J'aurais une question pour M. Hind, je crois. Lorsqu'une entente est faite entre un importateur canadien et l'exportateur du pays en question, il y a un contrat qui est signé probablement à ce moment-là, est-ce que, à ce moment-là, il n'y aurait pas lieu qu'une copie du contrat soit envoyée à votre ministère avant que la marchandise n'arrive au Canada?

[Interprétation]

mandes pour le début de la navigation. Si le tonnage doit être plus élevé pour que le transport soit rentable, alors ils expédieront tant de tonnes pour tel ou tel prix, ensuite, diront-ils, «vous pourrez nous payer au fur et à mesure que vous utiliserez l'acier, ou encore, il y a des paiements de 60, 90 ou 120 jours»; tandis que dans leur pays, ils exigent le paiement avant 30 jours.

**M. Danson:** Est-ce que cela s'applique à plus d'un pays?

**M. Craig:** Dans la plupart des pays, il y a une surproduction de l'acier. Les Allemands sont très actifs, les Français aussi et les Japonais ont une forte production de l'acier en feuille. Certains pays communistes de l'Est fabriquent des barres et des petites pièces d'acier. Mais je pense que tout le monde tente sa chance.

**M. Danson:** Est-ce pour toutes les variétés de l'acier?

**M. Craig:** Oui. Par exemple, nous avons dépensé 20 millions pour produire une certaine qualité d'acier au silicium, qui répond aux besoins du marché canadien. Il arrive souvent que deux pays diront: «quelle que soit la somme que vous payez, vous gagnerez 10 p. 100»; c'est une drôle de façon d'établir les prix. Il y a aussi les produits qui arriveront exempts de douane, tant que nous ne pourrions pas répondre à la demande totale du marché canadien.

**M. Danson:** Même si vous répondez en partie à nos besoins?

**M. Craig:** Oui, c'est cela. C'est la même chose pour l'électricité: nous ne voulons pas être les parents pauvres, alors ils doivent payer plus pour l'acier qu'ils importent, car la concurrence est très dure de la part de l'étranger.

**M. Danson:** Merci beaucoup, Monsieur.

**Le président:** Monsieur Portelance.

**Mr. Portelance:** Thank you, Mr. Chairman. I would like to direct a question to Mr. Hind.

When an agreement is concluded between a Canadian importer and a foreign exporter of the country under consideration, I suppose a contract is signed. Is it possible that a copy of the contract is sent to your Department before the goods arrive in Canada?



[Text]

**Mr. Hind:** Mr. Chairman, I do not really know whether we would have the legal right to insist upon the submission of a contract made by a Canadian importer with a foreign exporter every time an order is placed. I do not know if we would have the legal right to do this. We do have a legal right, within the terms of the proposed legislation, to ask for very specific information in respect of goods that have come into Canada.

• 1120

**Mr. Portelance:** Oui, vous avez le droit de le demander après que la marchandise est arrivée. Mais, si au moment où se fait la transaction, une copie arrive à vos bureaux, déjà, je crois qu'il y a lieu pour des représentants de compagnies de différents domaines de faire des représentations.

**Mr. Hind:** Mr. Chairman, even if in the best instance we were furnished with copies of contracts concluded between importers and exporters it would be highly unethical for the Department of National Revenue to reveal any of the details of such transactions to third parties.

**Mr. Portelance:** J'aurais une question à poser à M. Craig, monsieur le président. Vous avez mentionné, je crois, au commencement, que 16 p. 100 de la production est importée dans votre domaine. Est-ce exact, 16 p. 100? Ce qui veut dire que vous détenez 84 p. 100 du commerce au Canada, dans votre industrie. Et quel pourcentage de votre production exportez-vous annuellement hors du Canada?

**Mr. Craig:** Approximately the same amount. There has been a great change in our export pattern of shipments of steel to the United States over the past two or three years. This year a most unusual situation developed in view of the fact that when the American mills were negotiating with their trade unions a lot of the large consumers of steel built up very substantial inventories as a hedge against this strike, and we participated much more in the American market than we normally would.

The other point is that Canadian prices are lower than comparable prices in the United States so it makes it attractive for many American manufacturers to buy our steel at our domestic price because the exchange covers the import duty going into the United States—and in many areas our freight is comparable—so the difference in the lower price makes it well worthwhile.

**Mr. Waters:** This brings up another point, Mr. Chairman, that in the Canadian market a lot will depend on how the United States

[Interpretation]

**M. Hind:** Monsieur le président, je ne sais pas vraiment si nous avons le droit d'insister pour qu'on nous présente un contrat conclu entre un importateur canadien et un exportateur étranger chaque fois qu'il y a une commande. Je ne sais pas si nous avons le droit de le faire. Nous avons le droit, aux termes du projet de loi, de demander des renseignements très précis au sujet des marchandises importées au Canada.

**Mr. Portelance:** Yes, you have the right to ask for it after the goods have arrived. But if a copy were to arrive at your office when the transaction is made, I believe this would allow certain companies in various fields to make representations.

**M. Hind:** Monsieur le président, même si, dans les conditions les plus favorables, on nous remettait des copies des contrats conclus entre les importateurs et les exportateurs, cela irait à l'encontre des principes du ministère de révéler les détails de ces transactions à des tierces parties.

**Mr. Portelance:** Mr. Chairman, I have another question to ask Mr. Craig. You mentioned at the beginning of our meeting that 16 per cent of production is imported in your field. Is that true? It means that you have 84 per cent of the trade in your industry here. What is the percentage of your production you export every year?

**M. Craig:** Nous exportons environ la même quantité. Il y a eu beaucoup de changements dans nos structures d'exportation d'acier vers les États-Unis, depuis deux ou trois ans. Cette année, la situation est très différente, car les aciéries américaines négocient avec les syndicats. Un grand nombre de consommateurs d'acier ont fait des inventaires et ont essayé d'éviter la grève. Nous avons participé beaucoup plus au marché américain que nous ne le faisons normalement.

Il y a un autre point aussi: les prix canadiens sont plus bas que les prix américains. Alors, plusieurs fabricants américains veulent acheter notre acier à notre prix, car le change couvre les droits d'importation aux États-Unis et, dans bien des cas, nos frais de transport compensent. Il semble donc que ces occasions en valent la peine.

**M. Waters:** Cela entraîne une autre question, monsieur le président. Tout dépendra, pour le marché canadien, de la façon dont les



## [Texte]

applies its anti-dumping laws and its general control of imports. At the present moment the American market in steel tends to be more attractive to foreign competition than the Canadian market, but if by any method the Americans change this balance, then the surplus productive capacity of the steel of the world will start searching for other markets. One of the principal concerns that we have is that our anti-dumping legislation is sufficiently potent that we do not become the butt of greater imports, and particularly anti-dumping imports.

**The Chairman:** Mr. Portelance?

**M. Portelance:** Alors, c'est très bien sa réponse.

**Mr. Danson:** May I ask a supplementary? Our domestic prices in Canada are lower than those in the U.S., and yet with our relatively limited volume are our mills generally speaking profitable?

**Mr. Craig:** Yes. The Canadian mills are quite profitable. In fact, our Canadian mills—with the exception of one Canadian mill which we are all very familiar with that has a very difficult problem of which the federal government is aware—are very profitable. Our Canadian mills have integrated backwards and gone into mining, and with the hundreds of millions of dollars that we have spent in the field of mining this has helped our profit considerably because of our current—and we hope continuing—tax laws. Also, our productivity in Canada on like units is comparable to anything in the world.

• 1125

One problem which we have in Canada is that we have to buy very large units, ones that are comparable to those in the United States, and in order to obtain the greatest efficiency you need very large items. As our market expands in the United States we hope to get these large items.

**The Chairman:** Is your question a supplementary, Mr. Roberts?

**Mr. Roberts:** Yes. I just want to ask if it is this productive efficiency and low price policy which accounts for the expanding capacity of the steel industry in spite of dumping competition?

**Mr. Craig:** Yes.

**Mr. Roberts:** This is basically the cause of the expansion—

**Mr. Craig:** Our demand for steel is continuing to grow in Canada. For example, the hun-

## [Interprétation]

États-Unis appliquent les droits antidumping et contrôlent en général les importations. À l'heure actuelle, le marché américain de l'acier semble plus attrayant pour la concurrence étrangère que le marché canadien.

Mais, si par quelques moyens les Américains modifient cet équilibre, l'excédent d'acier, dans le monde, recherchera d'autres marchés, et c'est là une de nos principales inquiétudes à l'égard de la loi antidumping: suffira-t-elle à enrayer les importations surtout pour le dumping.

**Le président:** Monsieur Portelance.

**Mr. Portelance:** That is all, Mr. Chairman.

**M. Danson:** Je voudrais poser une question supplémentaire si je le puis, monsieur le président. Nos prix sont plus bas que ceux des États-Unis, pourtant nos aciéries sont rentables malgré un volume limité?

**M. Craig:** Oui, les aciéries canadiennes sont rentables. De fait, nos aciéries, à l'exception d'une que nous connaissons tous et qui a des grandes difficultés à surmonter—le gouvernement fédéral s'en rend compte—sont très rentables.

Elles ont pénétré dans le domaine des mines et y ont dépensé des centaines de millions de dollars, ce qui a aidé sensiblement à nos opérations. De même, notre productivité, au Canada, pour ce qui est des produits comparables, soutient la concurrence de n'importe quelle autre aciérie du monde.

Un problème qui se pose, au Canada, c'est qu'il nous faut acheter de très grandes unités comparables à celles des États-Unis, et pour obtenir la plus grande efficacité possible, il faut de très grandes opérations. À mesure que notre marché s'étend aux États-Unis, nous espérons que nous en viendrons là.

**Le président:** Une question supplémentaire, monsieur Roberts?

**M. Roberts:** Oui. Est-ce que cette politique de bas prix permettra à l'industrie de s'étendre en dépit de la concurrence et du dumping?

**M. Craig:** Oui.

**M. Roberts:** C'est la cause de l'expansion...

**M. Craig:** La demande d'acier continue d'augmenter au Canada. Exemple: les centai-

[Text]

dreds of thousands of tons that went into the new pipe line this year in Canada is another most exceptional situation. The auto pact, as Mr. MacNaughton mentioned to me, is another area. For example, if we were to be able to put as much steel into each automobile that is built in Canada as the Americans put into the automobiles that are built in the United States, it would require approximately one million further tons of finished steel. So, we have quite a target to aim for, as long as someone does not cut our throat.

**Mr. Danson:** Perhaps all your management will try and participate in government too. It sounds pretty good.

**The Chairman:** Mr. Alexander?

**Mr. Alexander:** Mr. Chairman, I arrived a little late, for which I am sorry, but there were a couple of questions that I wanted to refer to that arise from the brief that was submitted. Perhaps this has been covered, but I would like to direct my question to Mr. Hind because I feel it is important. It states on page 3 of your brief:

The retroactive period for the application of dumping duties is at most 90 days prior to the date of the "preliminary determination" by the Deputy Minister.

Then it goes on, and further down it states:

It is the feeling of the steel industry that the Deputy Minister must be so staffed as to be able to make his preliminary determination within a 90-day period that would cover the initial dump.

There seems to be some question here, sir, whether in fact, before the new legislation comes into effect, there is sufficient staff to proceed with the necessary preliminary determination. I wonder if the Deputy Minister could enlighten us in that regard.

**The Chairman:** Your question has been replied to many times in the proceedings, but I will allow Mr. Hind...

**Mr. Alexander:** Or course, if it has been asked...

**The Chairman:** No, I will allow Mr. Hind to answer it.

**Mr. Alexander:** All right, thank you.

**The Chairman:** I think it is a very, very important question and repetition will not hurt.

**Mr. Hind:** Mr. Chairman, as I have said on a number of occasions, we are apprised of the necessity for taking speedy action, and we intend to do this. We have what we believe to

[Interpretation]

nes de milliers de tonnes utilisées cette année pour le nouveau pipe-line. Il y a aussi l'entente relative à l'automobile. Si nous pouvions mettre autant d'acier que les Américains dans les automobiles que nous fabriquons au pays, il nous faudrait environ un million de tonnes de plus d'acier fini. Par conséquent, pourvu qu'on ne nous coupe pas la gorge, ce n'est pas le marché qui fait défaut.

**M. Danson:** Peut-être vos administrateurs devront-ils essayer de participer aussi au gouvernement.

**Le président:** Monsieur Alexander?

**M. Alexander:** Je suis arrivé un peu tard, je m'excuse. J'ai quelques questions auxquelles je voudrais revenir, qui découlent du mémoire qui nous a été soumis. Je voudrais poser ma question à M. Hind, car je crois qu'elle est importante. On dit, à la page 3 du mémoire:

La période rétroactive pour l'application des droits de dumping est tout au plus de 90 jours, avant la «détermination préliminaire» faite par le sous-ministre.

Puis, on ajoute, plus loin:

L'industrie de l'acier croit que le sous-ministre doit être en mesure de faire une détermination préliminaire au cours d'une période de 90 jours.

On peut se demander, avant l'adoption de la nouvelle loi, si, de fait, on dispose d'un personnel suffisant pour effectuer cette détermination assez tôt; peut-être que le sous-ministre pourrait nous éclairer là-dessus?

**Le président:** On a répondu plusieurs fois à cette question, mais je vais quand même permettre à M. Hind de vous répondre.

**M. Alexander:** Si on a déjà demandé...

**Le président:** Je vais permettre à M. Hind d'y répondre.

**M. Alexander:** Merci.

**Le président:** Je crois que c'est une question d'une extrême importance et qu'on peut répéter la réponse une fois de plus.

**M. Hind:** Monsieur le président, comme je l'ai dit plusieurs fois, il nous faut agir rapidement et c'est ce que nous nous proposons de faire.



## [Texte]

be a sufficient staff to adequately administer this piece of legislation. We have undertaken a number of steps in this direction. The staff freeze, for example, would have deprived us of perhaps 20 investigators. However, realizing that this new act would come into force, we were able to convince Treasury Board that these investigators should not be lost. Consequently, we have this number of investigators that will be available.

Secondly, we have been sort of perennially short of staff by reason of the fact that our investigators have been enticed away from us to industry—with a small “i”—and to other departments of government, which means that we have had a rather high vacancy rate in the past.

• 1130

We have overcome this difficulty. We now have in place, I believe, almost the full complement of our establishment. We have in place 83 officers who can undertake the administration of this act.

Now, someone might say that 83 are not enough. I do not know whether 83 are not enough, or too many. I really do not know. But we do feel that in the initial stages there will be a deluge of complaints, some of which will not be justified. I fear that the administration of this legislation is going to bog down to the extent that we receive frivolous complaints, in the sense that it is our responsibility to separate the frivolous ones from the worthy ones. This is why I would like to impress upon every industry the necessity of coming to the Department only with complaints that are justified.

In addition to this we have beefed up our operations in foreign fields. We have put additional staff in the offices that we have in Belgium, in London, England, in Japan, and our three offices in the United States. We intend to open another office in the United States in 1969.

Furthermore, there are pools of resources on which we can draw either temporarily or permanently, if necessary. In a word, we are mindful of our responsibility here. We intend to do the very best we can to handle cases speedily and effectively.

**The Chairman:** Thank you, Mr. Hind.

**Mr. Alexander:** Mr. Chairman, perhaps this question has been answered on several occasions, but I would like to review it again. On page 10, we go down to the portion regarding the Review of Additional Regulations. There

## [Interprétation]

Nous avons sur place ce que nous croyons être un personnel suffisant pour appliquer cette mesure législative avec efficacité. Nous avons pris plusieurs mesures dans ce sens. Par exemple, l'immobilisation ou l'interruption du recrutement aurait pu nous nuire sous ce rapport en nous privant des services de vingt enquêteurs. Mais, sachant que la nouvelle loi entrerait en vigueur, nous avons pu convaincre le Conseil du Trésor que nous ne devions pas perdre ces enquêteurs. Par conséquent, nous en avons un nombre suffisant.

Deuxièmement, notre personnel a à peu près toujours été insuffisant, parce que l'industrie attire une partie de nos spécialistes de même que d'autres ministères du gouvernement. Par conséquent, le nombre des vacances au sein du personnel a été assez élevé.

Mais nous avons surmonté ce handicap, et notre effectif est maintenant à peu près complet. Nous avons quatre-vingt-trois agents qui peuvent s'occuper de l'application de la loi.

On dira peut-être que quatre-vingt-trois, ça ne suffit pas, je ne sais pas. Je ne sais pas si c'est trop non plus. Mais nous estimons qu'aux étapes initiales, il y aura un déluge de plaintes dont certaines ne seront pas motivées.

Je crains que l'application de cette loi exigera que nous séparions les plaintes motivées des autres, et je voudrais que chaque industrie comprenne qu'elle ne doit s'adresser au ministère que lorsqu'elle peut présenter une plainte motivée.

Ensuite, nous avons un personnel supplémentaire dans les bureaux que nous avons à l'étranger, en Belgique, à Londres, au Japon, et dans nos trois bureaux des États-Unis. Nous nous proposons d'ouvrir un autre bureau aux États-Unis en 1969.

De plus, il y a certaines ressources où nous pouvons puiser, soit temporairement, soit en permanence, au besoin. En un mot, nous nous rendons compte de nos responsabilités. Nous nous proposons de faire de notre mieux pour agir avec efficacité et rapidité.

**Le président:** Merci, M. Hind.

**M. Alexander:** Peut-être que mon autre question a aussi reçu sa réponse, mais j'aimerais y revenir. Je voudrais me reporter à la page 10 au sujet de l'«Étude des règlements supplémentaires». Il a été impossible à l'in-



[Text]

was some problem in the initial stages of the Committee whereby it was impossible for the industry to become involved with the complication of a brief because they did not know when the regulations would be available and apparently right now we have regulations that affect Sections 9 and 10. It is felt by the industry that there are significant questions left for assessment when complete and definitive regulations become available.

I know the Department is in the process of drafting further regulations. Will they be available in time so that perhaps further submissions can be made by the industry in that regard?

**Mr. Arthur:** Mr. Chairman, when we tabled the regulations on October 31, as Mr. Alexander mentioned, they, in our mind, related to the two most important operative sections of this proposed legislation. For the most part the other regulations that have not been tabled cover procedural matters and I think, Mr. Chairman, we have mentioned before that it is not our plan to table any further regulations before this Committee. These regulations, of course, will be ready in advance of the effective date for the bill to come into place.

**The Chairman:** Which is January 1, 1969.

**Mr. Arthur:** Right, sir.

**Mr. Alexander:** Am I to take it then, Mr. Chairman, that the regulations will be available prior to January 1, 1969?

**Mr. Arthur:** When the bill is passed—if the bill is passed—the regulations will be issued subsequent to that date.

**Mr. Alexander:** It would appear then, Mr. Chairman, that the significant questions that need further assessing will not be able to be assessed because the regulations will not be available.

**Mr. Arthur:** Mr. Chairman, I think we have covered this point before. I think that if the industry would like to comment on those sections of the proposed legislation that they consider to be significant where regulations are not now available, it might be helpful here.

• 1135

**Mr. Moloughney:** Mr. Chairman, for example, 34(1) refers to a condition where the Deputy Minister may request evidence relating to normal value and the export price as may be prescribed by the regulations. The type of evidence that he will seek is of interest to us.

[Interpretation]

dustrie de préparer son mémoire parce qu'elle ne savait pas quand les règlements seraient prêts. Maintenant il y a déjà des règlements concernant les articles 9 et 10. Lorsque les règlements définitifs seront prêts, il y aura, selon les industriels, d'importantes questions à examiner.

Je sais que le ministère projette actuellement d'autres règlements. Seront-ils prêts suffisamment à temps pour permettre à l'industrie de faire d'autres propositions sur ce point?

**M. Arthur:** Lorsque nous avons déposé les règlements le 31 octobre, comme le dit M. Alexander, cela se rattachait, pour nous, aux deux articles pratiques les plus importants de la loi. Les autres règlements qui n'ont pas encore été déposés, portent sur la procédure, et je crois que nous avons dit déjà que nous ne nous proposons pas de déposer d'autres règlements devant le Comité. Évidemment, ces règlements seront prêts avant la mise en vigueur de la Loi.

**Le président:** Le premier janvier 1969.

**M. Arthur:** C'est exact, monsieur.

**M. Alexander:** Dois-je en conclure que les règlements seront prêts avant le premier janvier 1969?

**M. Arthur:** Lorsque le bill aura été adopté,—s'il l'est—, les règlements seront publiés.

**M. Alexander:** De sorte qu'on ne pourra pas examiner les points importants qui le nécessitent parce que les règlements ne seront pas prêts.

**M. Arthur:** Je crois que nous en avons déjà parlé. Si l'industrie a des commentaires à faire sur les articles du projet de loi considérés par eux comme importants et encore dépourvus de réglementation, cela pourrait nous aider ici.

**M. Moloughney:** Monsieur le président, le paragraphe 34-1) porte sur les conditions dans lesquelles le sous-ministre du Revenu national peut demander de fournir des preuves de l'écart allégué entre la juste valeur marchande et le prix conformément à la réglementation.

[Texte]

Of course, we are concerned with the intricacy of return, and the decisions taken.

**Mr. Arthur:** Mr. Chairman, my only comment here is that this is a procedural section, and the regulations under it fall within that scope.

**The Chairman:** You mean after the bill is adopted by Parliament?

**Mr. Arthur:** Yes, sir.

**The Chairman:** Are there any other comments from the steel industry?

**Mr. Alexander:** I am not satisfied, but that seems to be the determination of the Department. We are entering into new legislation, and I think we are attempting to acquire as much assistance as we possibly can from industries that are primarily concerned. It was hoped that perhaps there would be a spirit of co-operation that would exist whereby the many recommendations or thoughts regarding the whole matter could be given to the Department, thereby placing them in a position to appreciate the position that the industry may be in. But it appears to me that there will be significant questions, regardless of what they may be centred around, that the industry will not be able to assess thoroughly. I would just like to say that perhaps there is a problem here.

**The Chairman:** On the other hand, Mr. Alexander, the other regulations that will not be produced before this Committee deal with procedure. Do you not think it might be difficult for the Department to establish those regulations before Parliament approve the bill?

**Mr. Alexander:** I do not know about that, sir. I would just hope that those sections that have been elaborated, that is, Sections 9 and 10, will be sufficient for the industry to be apprised of the entire situation. This is the fear I have, whether they are or are not.

**The Chairman:** Mr. Saltzman.

**Mr. Saltzman:** I would like to direct my question to Mr. Craig. It has to do with the statement he made in his opening remarks. I hope I am quoting him correctly. I believe he said that we should be demanding information from exporters on pricing practises in their home markets. Is that a correct interpretation of what you said?

**Mr. Craig:** Yes.

[Interpretation]

Le genre de preuves recherché nous intéresse. Nous nous préoccupons bien sûr de la complexité des répercussions et des décisions qui seront prises.

**M. Arthur:** C'est un article qui porte sur la procédure, et les règlements qui s'y rattachent porteront également sur la procédure.

**Le président:** Vous voulez dire, après que le bill aura été adopté par le Parlement?

**M. Arthur:** En effet.

**Le président:** Y a-t-il d'autres commentaires de la part des représentants de l'industrie de l'acier?

**M. Alexander:** Je ne suis pas convaincu, mais le ministère a l'air déterminé. Il s'agit d'une nouvelle loi et que nous cherchons à obtenir autant d'assistance que possible de la part des industries intéressées au premier chef. Nous espérons qu'il y aurait collaboration et que diverses recommandations pourraient être transmises au ministère, de façon à lui permettre de comprendre l'attitude de l'industrie. Mais il me semble bien qu'il se posera d'importantes questions, indépendamment de leur objet, que l'industrie ne pourra pas étudier à fond. Je voulais seulement faire remarquer qu'il y a peut-être un problème ici.

**Le président:** D'autre part, monsieur Alexander, les autres règlements qui n'ont pas été déposés portent sur la procédure. Ne croyez-vous pas que le ministre aura de la difficulté à rédiger ces règlements avant l'adoption du projet de loi par le Parlement?

**M. Alexander:** Je ne sais pas. J'espère que les règlements que nous avons à propos des articles 10 et 11 seront suffisants pour que l'industrie puisse se faire une juste idée de ce à quoi elle doit s'attendre. Mais je crains qu'elle ne le puisse pas.

**Le président:** Monsieur Saltzman.

**M. Saltzman:** Je voudrais poser ma question à M. Craig. Elle porte sur la déclaration qu'il a faite dans son exposé préliminaire. J'espère que je le cite correctement. Il a dit qu'il y aurait lieu de demander des renseignements aux exportateurs sur leurs méthodes d'établissement des prix sur leur propre marché. Est-ce bien ce que vous avez dit?

**M. Craig:** En effet.



[Text]

**Mr. Saltsman:** I am quite interested in that, in view of the fact it is going to be so difficult to assess pricing practices. I would like to find out from you specifically what you meant. For instance, how is this to be done? Should we ask that a manifest accompany the shipments into Canada, indicating their pricing practices and what they sell for in their home market? In effect, putting the onus of proof on the exporter into Canada, saying in effect that they demonstrate that they are not dumping. Is this what you are suggesting?

**Mr. Craig:** If this were possible it would certainly solve a great deal of our problems, but unfortunately there are many different pricing practices in different areas of the world. The more I deal with people in different parts of the world, the more I think that American—and when I say American, I include Canadian—business people are extremely naive. You could show a pricing practice on the face of the invoice that is effective, let us say, in country “D”. But if you were to buy a certain tonnage from a producer in country “D” and you were to receive two first-class air tickets to country “X” and return, plus someone picking up your expense account all the time you are there, and a free holiday, it would be difficult to show this on an invoice. These are the things that could not be resolved by showing the price on the face of the invoice.

There are also in many countries hidden rebates or, as they say, “under the table” rebates where two competitors in a like industry, in a like country, are not buying at the same price, which is against our laws here in Canada. So that when these things go on it would be difficult to pin it down.

If we could get some pricing basis shown on the face of the invoice, it would certainly help materially to solve the problem that our Department has now.

• 1140

**Mr. Saltsman:** This strikes me as a rather important principle because it applies not only to your industry, but I think a suggestion along this line was also made by the heavy electrical manufacturers. In effect, it is sort of a departure, I think, from the principle that is now in effect which makes it extremely difficult, I would think, for a government department to find cases of dumping. It means they have got to do all the detective work. They have got to have far more people employed, and it is an extremely difficult position for the Department.

[Interpretation]

**M. Saltsman:** Cela m'intéresse beaucoup, étant donné qu'il est très difficile d'évaluer les méthodes de fixation des prix. Je voudrais que vous me précisiez ce que vous voulez dire exactement. Comment procédera-t-on? Est-ce qu'il nous faut demander qu'une brochure accompagne les marchandises expédiées au Canada, où soient indiquées par l'exportateur ses méthodes de fixation des prix et la nature de ses ventes sur le marché de son pays? Ce qui reviendrait à demander à l'exportateur de prouver qu'il ne pratique pas le dumping. Est-ce là, ce que vous proposez?

**M. Craig:** Si cela était possible, cela résoudrait une bonne partie de nos problèmes, mais malheureusement il y a beaucoup de méthodes différentes d'établissement des prix dans diverses parties du monde.

Je crois souvent que les hommes d'affaires américains—lorsque je dis américains, j'inclus les Canadiens—les hommes d'affaires sont extrêmement naïfs. Vous pouvez établir une méthode de prix sur le connaissance qui est en vigueur, disons, dans un pays donné, mais s'il y a un certain tonnage à acheter à ce pays et que vous receviez deux billets de première classe aller-retour vers ce pays, et que quelqu'un paie vos comptes de dépenses pendant tout le temps que vous êtes là, il serait difficile de l'indiquer sur la facture.

Ce sont là des choses qui ne peuvent se résoudre, au moyen du prix qui figure sur la facture.

En outre, dans plusieurs pays, il y a des remises cachées qui se font en sous-main, lorsque deux concurrents dans une même industrie dans un même pays, n'achètent pas au même prix, ce qui est illégal au Canada. De sorte qu'il serait passablement difficile de retracer ces pratiques.

Si nous pouvions établir une certaine base pour la fixation des prix, cela nous aiderait sensiblement à résoudre le problème de notre ministère.

**M. Saltsman:** Cela me semble un principe assez important qui s'applique non seulement à votre industrie, mais je pense que les fabricants de matériel électrique lourd ont aussi fait la même suggestion. On s'écarte du principe qui est appliqué en ce moment, et qui rend très difficile le travail du ministère chargé de rechercher les cas de dumping, car c'est lui qui devrait faire toutes les enquêtes. Il lui faudrait beaucoup plus de personnel, c'est une situation très difficile pour le ministère.



[Texte]

I am just wondering whether this is not a practical answer and whether we should not pursue it further. While admitting the difficulties you outlined about pricing practices and what should be considered a cost, or an acceptable cost. I am wondering whether a standard manifest could not be developed, based on our pricing practices in Canada? In effect, exporters would have to fill in this manifest to demonstrate how their practices compare with ours. This, at least, would give us a chance to evaluate whether we are prepared to accept practices of that type or to consider them a form of dumping or a form of subsidy of some kind.

**Mr. Craig:** If our government could adopt this practice it would certainly solve many of our problems. I think it is an excellent approach and it would certainly save Mr. Hind and his group doing a lot of digging that takes a great deal of time and is very expensive, and in many instances you are not sure that you have come up with the right...

**Mr. Saltsman:** Because the pricing in each country depends to such an extent on the political policies of the country; their incentives to exporters, their tax system, how their tax system bonuses or does not bonus certain products. So I would like to see us give a little more attention to this. In that regard I would like to direct a question to Mr. Hinds and ask him if he is in a position to indicate to us whether such a proposal would be practical or what the difficulties would be with such a proposal.

**Mr. Hind:** Mr. Chairman, at the present time we require for every shipment coming into Canada a certified customs invoice. This invoice is countersigned by the exporter, in the course of which he certifies to the correctness of all the information shown on that invoice. That invoice, among other things, shows two values: one, the selling price to the purchaser in Canada; secondly, the fair market value as sold for home consumption.

A third problem has been introduced here, namely, the normal value of goods, which will in future, perhaps, be different from the fair market value that is presently required under the Customs Act.

I have thought about this and I am wondering whether we should, or could devise a new form of invoice which would require the exporter to show one other factor, namely, the normal value of goods.

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I suggest to you that this is going to be very difficult for the exporter to do, because

[Interprétation]

Je me demande seulement si ce n'est pas une réponse pratique et si nous ne devrions pas aller plus loin dans ce sens.

Tout en admettant les difficultés que vous avez soulignées, quant à la fixation des prix et aux coûts allégués, je me demande si on ne pourrait pas établir une déclaration d'expédition type, d'après nos méthodes canadiennes de fixation des prix où l'exportateur ferait apparaître les ressemblances de ses méthodes avec les nôtres. Cela nous donnerait une chance d'évaluer les produits pour voir s'il y a une subvention ou s'il y a dumping.

**M. Craig:** Si le gouvernement adoptait cette pratique cela résoudrait un grand nombre de nos problèmes. Ce serait excellent et cela aiderait certainement M. Hind, en lui épargnant, à lui et à ses collaborateurs beaucoup de travail et de dépenses, dont le résultat n'est pas toujours certain.

**M. Saltsman:** Dans chaque pays, la fixation des prix dépend dans une très large mesure des conditions politiques de ce pays, de la stimulation des exportations, du système des taxations, de la diminution ou de l'augmentation des taxes sur certains produits. J'aimerais donc qu'on porte un peu plus d'attention à cela et je vais poser une question directe à M. Hind. Est-il en mesure de nous dire si cette proposition serait pratique ou quelles seraient les difficultés inhérentes à une telle proposition?

**M. Hind:** Monsieur le président, en ce moment, nous exigeons, pour chaque importation au Canada, un document douanier certifié, contresigné par l'exportateur qui garantit l'exactitude des renseignements contenus dans ce document. On y montre notamment deux valeurs: le prix de vente à l'acheteur au Canada; et deuxièmement, la valeur normale dans le pays d'exportation.

Mais il y a un troisième problème, la valeur normale des marchandises, qui à l'avenir, sera peut-être différente de la valeur commerciale normale, telle qu'elle est en ce moment requise par la Loi sur les douanes. J'ai pensé à ce problème et je me demande si nous devrions ou nous pourrions établir une autre sorte de facture sur laquelle l'exportateur devrait donner un autre renseignement, c'est-à-dire la valeur normale des marchandises.

Ce sera une chose très difficile à faire pour l'exportateur, parce que la détermination de

[Text]

the establishment of normal value is in many cases beyond his comprehension. The normal value is established in accordance with factors that are the responsibility of the Deputy Minister of National Revenue. As a case in point, an exporter may sell to a distributor in Canada—and by distributor I mean one who sells to a wholesaler in Canada. In his home market, however, he sells only to wholesalers, that is, a subordinate class of trade.

Under the new legislation, unlike the current legislation, National Revenue can make an allowance from the open market selling price to give effect to the fact that a sale had been made to a superior class of trade; in other words, if the fair market value in the country of export is one hundred, then National Revenue is allowed, under the new law, to reduce that value by some figure to reflect the expenses that the exporter saves in selling to Canada over the expenses he incurs in selling in his home market.

Now, it could well be that the exporter would place quite a different interpretation on the amount of this allowance than would the Deputy Minister. The exporter may say: "I feel that in selling to Canada I should be allowed an extra 10 per cent discount" and this is what he would show on his customs invoice. However, the Department of National Revenue, on examining the situation and going back to the exporter's records and so on, may find that he should only have allowed 5 per cent. That is why I question the desirability of asking any exporter to suggest what his idea of a normal value is.

Now second, in the case of the example cited by Mr. Craig where the exporter picks up the plane fare from Canada to Europe and the hotel expenses, and so on, over there, I wonder what success we would have in demanding that exporters make a clean breast of all these things that are occurring? I would not be too optimistic.

**Mr. Craig:** Mr. Hind, I stated that the Canadian and American business people are a little naive. I am sure they will not confess to all of their sins; I just used that as an illustration to point out to you and the group how difficult it is to pin down all of these.

**Mr. Hind:** Yes, but Mr. Craig, as I understand it the suggestion is that perhaps this type of thing might indeed be placed on some sort of documentation that comes to us. We have had experience of this kind in the past where it been alleged that exporters have made houses in Florida available for the use

[Interpretation]

la valeur normale dépasse, dans bien des cas, le cadre de leur compétence. La valeur normale est établie d'après des facteurs que détermine le sous-ministre du Revenu national. Par exemple, un exportateur peut vendre des marchandises à un concessionnaire au Canada—et, par «concessionnaire», j'entends un agent qui vend aux marchands de gros du Canada. Dans son propre pays, toutefois, il vend seulement aux marchands de gros, c'est-à-dire à une catégorie secondaire du commerce.

D'après la nouvelle loi, contrairement à la loi actuelle, le ministère du Revenu national peut établir une différence par rapport au prix de vente sur le marché ouvert, pour tenir compte du fait que le produit se vend à un intermédiaire. Autrement dit, si la valeur marchande équitable dans le pays exportateur est de l'ordre de cent, le ministère du Revenu national a le droit, d'après la nouvelle loi, de réduire quelque peu cette valeur pour tenir compte de ce que l'exportateur économise, en vendant au Canada, par rapport à ce qu'il dépenserait en vendant dans son propre pays.

Il se pourrait fort bien que l'exportateur ait sur le montant de son allocation une opinion tout à fait différente de celle du sous-ministre du Revenu national.

L'exportateur pourrait dire: «J'estime qu'en vendant au Canada, j'ai droit à un escompte de 10 p. 100», et c'est ce qu'il inscrirait sur sa déclaration de douane. Cependant, en examinant la situation et en réévaluant les dossiers de l'exportateur, le ministère découvrirait peut-être qu'il aurait dû allouer 5 p. 100 seulement. C'est pour cela que je n'aime pas laisser à l'exportateur la responsabilité d'établir la valeur normale.

Deuxièmement, dans le cas de l'exemple cité par M. Craig, où l'exportateur tient compte du prix du billet d'avion entre le Canada et l'Europe, des frais d'hôtel en Europe, etc., je me demande si l'on réussirait à exiger de l'exportateur qu'il donnât des détails sur tout cela. J'ose en douter.

**M. Craig:** Monsieur Hind, j'ai dit que les hommes d'affaires américains et canadiens sont un peu naïfs. Je suis sûr qu'ils n'admettront pas toutes leurs fautes; j'ai simplement utilisé cet exemple pour démontrer combien il est difficile de déterminer les frais.

**M. Hind:** Oui. Mais, monsieur Craig, si j'ai bien compris, on propose que ce genre de chose figure en effet sur un document que l'on envoie au ministère. Nous avons eu dans le passé des cas de ce genre, où l'on a prétendu que des exportateurs avaient mis à la disposition de bons clients des bateaux ou des mai-



[Texte]

of good clients; boats in Florida for the use of good clients, and so on. I must tell you we have not had too much success in running this down and being in a position to prove it in a court of law.

**Mr. Craig:** Mr. Hind, these are not the items we thought might have been shown on the face of an invoice for you to check. I think Mr. Saltsman had in mind, and I have in mind, in the instance of a product that you show the base price and all of the extras that are applicable so that it is much easier, rather than showing it at x number of dollars per ton.

**Mr. Hind:** To answer that I would say that is a legitimate request and we would be partial to following this.

**Mr. Craig:** The other hanky-panky is going to continue to carry on and all we can hope is that they continue to be less and less profitable or lose more money so they have not got enough for the Christmas bonus.

**The Chairman:** Mr. Saltsman?

**Mr. Saltsman:** While recognizing that you know television sets and holidays in Florida happen not only in the export trade but in the domestic trade as well, my concern was to ensure that people are not selling into the Canadian market and taking advantage of their ability to sell their overruns at a lower profit margin, because in the long run this will affect our industry because we are all aware that a company that has a long run, has a high degree of mechanization, can produce a little extra particularly from the U.S.

• 1150

Perhaps not in steel which is a different case, but in other industries an overrun of another 10 per cent can fulfil the total needs of the Canadian market, and if it can be sold at a somewhat lower price than their own market, it is still profitable for a company to follow practices of this type. Since we are the country that is admitting these imports, I think we are in the driver's seat in terms of laying down the conditions under which imports will arrive in Canada.

We are not without sovereignty in this regard; we can determine the conditions. So long as it does not violate the spirit of the Kennedy Round, we can determine the conditions under which goods arrive here in Canada. I think we should make a real effort to

[Interprétation]

sons en Floride, etc. Je dois dire que nous n'avons pas bien réussi à retracer la chose pour pouvoir en donner des preuves devant un tribunal.

**M. Craig:** Monsieur Hind, ce ne sont pas là le genre de choses que nous voulions voir figurer dans la documentation. Ce que nous pensons, M. Saltsman et moi-même, c'est qu'il faudrait donner le prix de base du produit et déclarer les extras, ce qui serait beaucoup plus facile que de donner un nombre de dollars par tonne.

**M. Hind:** Je répondrais que c'est une demande légitime, et que nous sommes d'accord.

**M. Craig:** Il y aura toujours des pratiques douteuses, et nous pouvons seulement espérer qu'elles deviendront de moins en moins profitables, et que ces sociétés n'auront plus assez d'argent pour payer des primes de Noël à leurs employés.

**Le président:** Monsieur Saltsman?

**M. Saltsman:** Pour ce qui est des postes de télévision et des vacances en Floride, vous savez que cela se produit non seulement dans le commerce d'exportation, mais aussi dans le commerce intérieur. Ce qui m'intéresse, c'est que les gens ne puissent pas faire de dumping au Canada en profitant du fait qu'ils peuvent vendre leurs surplus avec des bénéfices inférieurs, car, à la longue, cela nuira à notre industrie: nous nous rendons tous compte, en effet, qu'une société qui a une production élevée et est fortement mécanisée peut produire encore un peu plus, en particulier aux États-Unis.

Cela ne s'applique peut-être pas à l'acier, qui pose un cas différent, mais, dans les autres industries, un excédent de 10 p. 100 de plus peut suffire aux besoins du marché canadien, et, si elles peuvent vendre leurs produits à un prix légèrement inférieur à celui de leur propre marché, ce genre de pratiques demeure malgré tout profitables pour elles. Nous sommes le pays importateur, et je pense que nous sommes donc libres d'imposer les conditions auxquelles nous accepterons ces produits.

Nous avons une certaine souveraineté à cet égard, et nous pouvons déterminer les conditions auxquelles les produits peuvent être importés au Canada, tant que nous n'enfreignons pas l'esprit des accords Kennedy. Je pense que nous devrions faire un effort réel



## [Text]

say: "You are welcome to sell in this market. We are delighted to see people come in if you can compete against our industry, but we want to make sure that you are competing on even terms and that you are not underpricing when you are coming into this market", and for that purpose to design a special manifest that they would have to sign—almost an accountant's form—indicating what their normal pricing practice is in their home market for comparable goods.

**Mr. Hind:** Mr. Chairman, at the present time we do require that. Our customs invoices, as I mentioned before, require the exporter to complete a column indicating the price at which those goods are sold for home consumption in the country of export in similar circumstances. The exporter makes a certificate to the effect that the information shown in this column and elsewhere on the invoice is correct. If he certifies that a low value, or an overrun is sold at the same price in the home market and this is not the case, this would represent a matter of fraud or misrepresentation, the Department of National Revenue could go after him and would go after him, and I think there are penalties provided in such cases.

**Mr. Saltsman:** But, Mr. Hind, suppose he...

**The Chairman:** I am sorry, Mr. Saltsman; I do not know whether you want to follow through with that discussion, but as I mentioned before a representative of the Department will be back with us next week. As your comments seem to be about the administration of the Anti-Dumping Act, I think we will have an opportunity to discuss it further at that time.

**Mr. Saltsman:** Mr. Chairman, you are sounding more and more like Mr. Speaker all the time; no argument. I will bow to your wishes; I think it is a good suggestion, Mr. Chairman.

**The Chairman:** I do not want to seem to cut off the discussion, but as you are aware—and I do not want to be rude to the witnesses from the steel industry—we have other witnesses.

**Mr. Waters:** Mr. Chairman, I understood Mr. Hind to say that import documents require fair market value information to be declared on them. Do they require normal value information to be declared on them?

**Mr. Hind:** As I said before, Mr. Chairman, this is not a requirement for the reason that

## [Interpretation]

pour dire: «Vous êtes les bienvenus, vous pouvez vendre ici au Canada. Nous vous acceptons avec plaisir si vous pouvez faire concurrence à notre industrie, mais nous voulons nous assurer que vous le faites sur un pied d'égalité et que vous n'établissez pas vos prix à des niveaux indûment bas». Pour ce faire, on pourrait établir qu'ils auraient à signer une formule indiquant le prix normal de marchandises du même ordre sur leur propre marché.

**M. Hind:** Monsieur le président, c'est ce que nous faisons à l'heure actuelle. Nous demandons à l'exportateur de remplir une formule de douane sur laquelle il doit indiquer le prix auquel ce produit se vend sur le marché du pays d'exportation, dans des circonstances semblables. L'exportateur doit signer un certificat attestant que les renseignements donnés dans le document sont exacts. S'il certifie qu'un produit de valeur très basse, ou qu'un surplus, est vendu au même prix sur le marché du pays exportateur, et que l'on découvre que cela n'est pas exact, c'est une fraude, et le ministère du Revenu national peut poursuivre l'exportateur, et je crois qu'il y a des pénalités prévues dans ce cas.

**M. Saltsman:** Mais, monsieur Hind, supposons que...

**Le président:** Excusez-moi, monsieur Saltsman; je ne sais pas si vous voulez aller plus loin dans ce débat, mais, comme je l'ai déjà dit, un représentant du ministère sera de nouveau avec nous la semaine prochaine. Comme vos observations semblent porter sur l'exécution de la loi sur l'antidumping, je crois que nous aurons l'occasion d'en reparler à ce moment-là.

**M. Saltsman:** Monsieur le président, vous commencez à ressembler de plus en plus à monsieur l'Orateur. Inutile de discuter. Je me plierai à vos désirs; je pense que vous avez raison, monsieur le président.

**Le président:** Je ne veux pas avoir l'air de couper court au débat, mais, comme vous le savez—et je ne veux pas être impoli envers les représentants des industries de l'acier—nous avons d'autres témoins à entendre.

**M. Waters:** Monsieur le président, si j'ai bien compris, M. Hind a dit que l'on exige que la valeur marchande équitable soit indiquée sur le document d'importation. Est-ce que l'on doit aussi y déclarer la valeur normale?

**M. Hind:** Comme je l'ai déjà dit, monsieur le président, ce n'est pas une exigence, étant

## [Texte]

this is not law at the moment and will not become law until it is passed by Parliament.

**Mr. Waters:** I think that our hope is that a request will be made on future import documentation for a declaration of normal value which should help to eliminate questions of dump concern for a band of imports of which we are now suspicious. We would be most pleased, and it would seem to be most helpful to Mr. Hind's department, our industry and other industries if the declaration of normal value could be included in future documentation.

• 1155

**Mr. Saltsman:** I think we have enough on the record to indicate the parameters of this problem. I would like to go on to another short question while we have the representatives of the steel industry here, and it is along the line of questioning that I have pursued with other industries, except it is somewhat the reverse. I have taken the position that some of our industries in Canada are not as efficient as they might be. I do not think I can take that position with the steel industry. I think this is one of the few industries we have in this country that is remarkably efficient—that along with beer; it should be graded steel and beer.

I should like to ask Mr. Craig why our steel industry has developed so well in terms of efficiency in contrast to some of our other manufacturing industries and whether the fact that there are relatively few steel makers in Canada has had some influence on that development. In other words, they have been able to take a big enough part of the market to give them economies of scale.

**Mr. Craig:** I think there are two or three very important factors in this question; one is that it costs millions of dollars to get into the steel business so there are not many small groups that can move in. Another is that we have very good raw material. Our iron ore and hydro costs and our transportation costs, particularly in Ontario, are comparable to anything in the world.

A third reason is our close proximity to the American producers from whom we have been able to obtain the best technological information possible, and we have had a very concentrated population.

A further reason is the tremendous development of our natural resources, the pipeline

## [Interprétation]

donné que cela n'est pas encore loi, et ne le sera pas tant que le bill n'aura pas été adopté par le Parlement.

**M. Waters:** Nous espérons que l'on exigera à l'avenir, dans les documents d'importation, une déclaration de la valeur normale, ce qui permettrait d'éliminer en partie la question du dumping dans le cas de certaines importations que nous soupçonnons actuellement. Nous serions très heureux, et je pense que cela serait très utile au ministère de M. Hind, à notre industrie, et aux autres industries, si l'on exigeait à l'avenir une déclaration de la valeur normale dans les documents d'importation.

**M. Saltsman:** Et maintenant, une question brève pendant que nous avons ici les représentants de l'industrie de l'acier. Une question du même genre que celles que j'ai posées à d'autres industries, mais dans le sens contraire. J'ai déjà dit qu'à mon avis, certaines industries au Canada n'étaient pas aussi bien organisées qu'elles pourraient l'être. Je ne peux pas dire cela de la sidérurgie. Je crois que c'est, avec celle de la bière, l'une des rares industries de ce pays qui soient vraiment bien organisées; elle l'est même sans doute mieux que celle de la bière.

M. Craig, j'aimerais vous demander pourquoi notre industrie de l'acier s'est développée si bien, dans le sens de l'efficacité, contrairement à d'autres industries de fabrication, et si le fait qu'il y a relativement peu de sidérurgistes au Canada a eu une influence dans ce domaine. En d'autres termes, ils ont pu absorber une partie assez importante du marché pour avoir une économie à grande échelle.

**M. Craig:** Je crois qu'il y a deux ou trois facteurs très importants dans cette question. Premièrement, cela coûte des millions de dollars de s'installer dans la sidérurgie, et il n'y a donc pas beaucoup de petits groupes qui peuvent y parvenir. Deuxièmement, nous avons des matières premières de très bonne qualité. Notre minerai de fer, et nos frais d'électricité et de transport, en particulier dans l'Ontario, peuvent se comparer à ceux de n'importe quelle autre partie du monde.

Troisièmement, nous sommes très près des producteurs américains, et nous avons par conséquent pu obtenir d'excellents renseignements technologiques, et avoir une population très concentrée. Il y a eu aussi la mise en valeur extraordinaire de nos ressources naturelles, les pipe-lines, les chemins de fer, etc.



[Text]

business, the railroad business, and so on. I think these are some of the reasons why the steel industry has done so well in Canada.

**Mr. Saltsman:** How many steel producers do we have in Canada, large and small?

**Mr. Craig:** A total, I would say, of 10. With the new technocracy where you can take a small electric furnace and a continuous cast for a certain type of product you can get into business for, say, \$15 million, but the Steel Company of Canada, our fine big competitor, announced yesterday they were going to increase their steel making capacity from 4.75 million to 6 million tons, and just for the steel making alone the cost will be \$50 million.

They have already spent \$40 million, I think the figure is, on a new blast furnace, the biggest in Canada, so that when I state how much it costs to get into this steel business the costs per ton of basic ingot capacity are quite fantastic.

**Mr. Saltsman:** It is not the sort of thing you could start up in your backyard.

**Mr. Craig:** No, it is not a grocery clerk operation.

**Mr. Danson:** A small one, for \$15 million.

**Mr. Saltsman:** I would like to make a comparison between steel producers in Canada in terms of numbers and steel producers in the U.S.A. How many producers are there in the United States?

**Mr. Craig:** There are about 25 producers in the U.S.A.

**Mr. Saltsman:** What about the ownership of the steel industry in Canada? How many companies are Canadian owned and how many are foreign owned?

**Mr. Craig:** They are all Canadian owned.

**Mr. Saltsman:** Do you think this has had any effect on this industry's being as efficient as it is?

**Mr. Craig:** I do not think it has done us any harm. I think we have been able to move probably a little—this is rather a ticklish question you are asking...

**Mr. Saltsman:** That is why I am asking it.

**The Chairman:** You are not obliged to reply, you know.

[Interpretation]

Je pense que ce sont là quelques-unes des raisons pour lesquelles l'industrie de l'acier a tellement prospéré au Canada.

**M. Saltsman:** Combien de sidérurgistes, importants ou non, avons-nous au Canada?

**M. Craig:** Dix en tout, je pense. La nouvelle technologie, selon laquelle on peut utiliser un petit fourneau électrique et un moule continu pour certains types de produits, permet de s'installer dans l'industrie avec, disons, 15 millions de dollars. Mais la *Steel Company of Canada*, notre principal concurrent, a déclaré hier qu'elle allait augmenter sa capacité de production de 4.75 millions de tonnes à 6 millions de tonnes, et, rien que pour la fabrication de l'acier, le coût s'élèvera à 50 millions de dollars.

Ils ont déjà dépensé 40 millions, je pense, pour un nouveau haut fourneau, le plus grand du Canada, et donc, quand je parle du capital nécessaire pour s'établir dans la sidérurgie, le coût par tonne de lingots est fantastique.

**M. Saltsman:** Ce n'est pas le genre d'usine que l'on peut établir dans sa cour.

**M. Craig:** Non, ce n'est pas comme une épicerie du coin.

**M. Danson:** Une petite épicerie, pour 15 millions de dollars.

**M. Saltsman:** J'aimerais faire une comparaison, en matière de nombre, entre les producteurs d'acier des États-Unis et ceux du Canada. Combien de sidérurgistes y a-t-il aux États-Unis?

**M. Craig:** Il y en a environ 25.

**M. Saltsman:** D'autre part, combien de sociétés de sidérurgie, au Canada, sont canadiennes, et combien appartiennent à l'étranger?

**M. Craig:** Elles appartiennent toutes à des Canadiens.

**M. Saltsman:** Pensez-vous que cela ait eu un effet sur l'efficacité de cette industrie?

**M. Craig:** Je ne pense pas que cela nous ait nuï. Je pense que nous avons pu agir un peu... C'est une question assez délicate que vous me posez là...

**M. Saltsman:** C'est justement pourquoi je vous la pose.

**Le président:** Vous n'êtes pas obligé de répondre, vous savez.



[Texte]

**Mr. Craig:** You are testing me, but I think we in the steel industry have been Canadian owned and controlled, we have been able to move a little quicker on our feet, we have been able to adopt new technological practices probably quicker than we would have if we had been subsidiaries of some very large company located elsewhere. I should not say this because it may sound like bragging but the management of the steel industry in Canada has been most aggressive: they have taken on anything new, they have kept up to date, and they have basically been good managers.

• 1200

**Mr. Saltsman:** Thank you, Mr. Chairman.

**Le président:** Monsieur Comtois.

**Mr. Comtois:** Monsieur le président, il semble qu'un bon nombre des témoins que nous avons entendus s'opposent à l'article 30 du Livre blanc, à la page 86, au sujet du Tribunal et du Comité consultatif. Et, je vois que l'industrie de l'acier aussi s'oppose à cet article, et j'aimerais avoir plus de commentaires de la part de nos témoins de ce matin, au sujet de ce fameux Comité consultatif formé de plusieurs sous-ministres de différents ministères.

**Mr. Moloughney:** Mr. Chairman, as we read the proposed act, it provides the powers to the Tribunal to second virtually from whatever source it wishes the information it requires to make decisions. We feel therefore there is access to information within government departments on a routine basis. We feel that reference to the panel on a mandatory basis in all cases could be, first of all, time consuming and, secondly put an onus on the panel members that would be onerous in the light of their other duties.

**Mr. Comtois:** Monsieur le président, on semble s'opposer à la consultation obligatoire, et non pas à la consultation occasionnelle.

You are opposed, sir, to the obligation of consulting that committee. Is that right?

**Mr. Moloughney:** Mr. Chairman, not as a suggestion or an obligation itself, only with the issue of time involved and the workload that could be imposed on the panel members in the light of their other responsibilities. We feel that what we propose would bring about a saving in time in the determination by the Tribunal of the facts of materiality in injury.

**Mr. Comtois:** Monsieur le président, une autre question. J'aimerais savoir comment les salaires des compagnies de l'acier au Canada se comparent aux salaires des compagnies américaines?

[Interprétation]

**M. Craig:** Vous me mettez à l'épreuve, mais je pense que, l'industrie de l'acier appartenant à des Canadiens, nous avons pu travailler avec plus de rapidité. Nous avons pu profiter de la technologie plus rapidement que si nous étions des filiales de grandes compagnies situées ailleurs. Je ne devrais pas dire cela, parce que je semble me vanter, mais la direction des aciéries, au Canada, a été très dynamique. Elle a adopté les nouvelles méthodes, s'est tenue à la page, et, en général, les directeurs ont fait un bon travail; ils sont très efficaces.

**M. Saltsman:** Merci, monsieur le président.

**The Chairman:** Mr. Comtois.

**Mr. Comtois:** Mr. Chairman, it would seem that a good number of the witnesses we have heard object to section 30 of the White Paper, on page 86, with regard to the court and the Advisory Committee. And I see that the steel industry is also opposed to this section. I would like to have some further comments from our witnesses this morning with regard to this Advisory Committee composed of several Deputy Ministers of various Departments.

**M. Moloughney:** Monsieur le président, le projet de loi accorde au Tribunal le pouvoir de se procurer ses renseignements, comme il le peut, de différentes sources. Les renseignements sont donc accessibles dans les ministères du gouvernement, de façon habituelle, et nous pensons que, de façon obligatoire, dans tous les cas, si l'on se réfère toujours au Comité consultatif et aux membres, ce serait perdre du temps, d'autant plus que les membres du Comité auraient une tâche très lourde, car ils remplissent aussi d'autres fonctions.

**Mr. Comtois:** Mr. Chairman, I think there is opposition to mandatory consultation, but not to occasional consultation.

Vous vous opposez au fait d'avoir à consulter le Comité, n'est-ce pas?

**M. Moloughney:** Oui. Ce n'est pas une obligation en soi, à cause du simple travail que cela imposerait aux membres du Comité. Nous pensons que cela nous permettrait de gagner du temps et le Tribunal choisirait les faits.

**Mr. Comtois:** Mr. Chairman, I have another question. I would like to know what the salaries are in the steel industry here, as compared to the American steel industry.

[Text]

**Mr. Craig:** Mr. Chairman, this is what is known as qualified information. We do not have available to us the salaries that obtain in the United States industry. I would not want to tell my competitors how much I make or they may be asking for a raise, and if I knew I may have to ask for a raise too. This is something that is most difficult to compare because of that small question of fringe benefits. The only thing I can tell you is that each of the officials in the steel industry in Canada, compared with the United States, who gets in a higher bracket pays much more tax.

**The Chairman:** I do not think the question was directed to the officials of any company but to the workers.

**Mr. Craig:** Here again, it is rather difficult to compare like jobs of the workers in Canada with like jobs in, say, a mill in the United States because many workers get incentives, and the fringe benefits again enter into it. In certain instances the workman in the steel mill in Canada gets more money than his counterpart in the United States, in other areas he does not make as much. It is very difficult to compare and be specific. I would say the wages in Canada in many areas are very close to those in the United States. When you get on incentives, the greater the volume you turn out of course the higher your income is.

• 1205

**Mr. Roberts:** I have one brief question for information purposes. It relates to the establishment of normal value in countries of origin. Mr. Craig used as an example Italian steel production. In relation to the European Common Market countries would you have to establish a normal value for each specific country, or could you simply look at the European Common Market as a whole.

**Mr. Arthur:** The normal value is established in the country where the exporter is. So that it is not established on a common market basis. It will be established in France, or Germany as the case may be.

**Mr. Roberts:** This could vary throughout the year throughout the Common Market countries.

**Mr. Arthur:** That is true.

**Mr. Roberts:** Thank you.

**The Chairman:** Are there any more questions? Are there any other comments?

**Mr. Moloughney:** There was a question asked earlier on whether we believed that it

[Interpretation]

**M. Craig:** Monsieur le président, nous ne connaissons pas les salaires payés aux États-Unis dans l'industrie de l'acier et je ne veux pas dire à mes concurrents combien je donne, car on demandera des augmentations. C'est une chose difficile à comparer, car il y a aussi les avantages marginaux. Lorsque les employés de l'industrie de l'acier au Canada voient leur traitement augmenter, comparativement à celui qu'on paye aux États-Unis, ils paient des impôts beaucoup plus élevés.

**Le président:** La question ne touchait pas les employés, mais les ouvriers.

**M. Craig:** On parlait des travailleurs. C'est une comparaison difficile car, si on essaie de comparer le travail fait au Canada avec un travail semblable fait aux États-Unis, bien des travailleurs reçoivent des primes, des bénéfices marginaux. Dans certains cas, le travailleur canadien gagne plus d'argent que son homologue américain; en d'autres domaines, il gagne moins. Il est très difficile de comparer de façon très précise, mais je pense que les salaires, au Canada, dans bien des domaines, sont presque les mêmes qu'aux États-Unis. Naturellement, lorsqu'il y a des primes à la production, c'est différent.

**M. Roberts:** Une petite question, au sujet de la valeur normale établie dans le pays d'origine. Vous avez parlé de la production italienne; en rapport avec les pays de l'acier du Marché commun, est-ce que vous devez établir une valeur pour chaque pays ou si vous considérez le Marché commun comme un tout?

**M. Arthur:** La valeur normale est établie là où est l'exportateur. Elle n'est pas établie sur la base du Marché commun, mais, en France, en Allemagne, etc.

**M. Roberts:** Cela peut varier même à l'intérieur du Marché commun?

**M. Arthur:** Oui.

**M. Roberts:** Merci.

**Le président:** Avez-vous d'autres questions, Messieurs?

**M. Moloughney:** On a demandé s'il était obligatoire que le Tribunal s'en réfère au



[Texte]

was mandatory that reference be made by the Tribunal to the panel. It is our understanding that clause 30(1) does say mandatorily that there shall be reference.

**Mr. Comtois:** You are opposed to mandatory consultation?

**Mr. Moloughney:** Yes, we are.

**The Chairman:** Gentlemen, are there any other comments?

**Mr. Waters:** Mr. Chairman, may I direct a question to Mr. Arthur. Did I understand that the normal value would be determined for the country from which an export is made as against the country from which the product originated? I am thinking of a product being produced in one country, sold to an export agent in another country, and then subsequently exported to Canada. Which would be the country for determination of normal value.

**Mr. Arthur:** Mr. Chairman, it really depends on the total circumstances of that transaction. The act provides that the normal value will be determined on the basis of the country of export. However, if it is merely a transshipment, clause 12 of the proposed legislation deals with such matters. But the proposed act does not require that the normal value be established in the country of origin of goods, but rather where the exporter originates the transaction.

**Mr. Gray:** I wonder if the witnesses could tell us what their experience has been in respect of dumping when they have attempted to export their products to other countries under the laws—or lack of laws, for that matter. I am referring to the situation that exists today rather than what it may be once the code is implemented by domestic legislation in the countries to which you attempt to export.

• 1210

**Mr. Craig:** We have and are exporting to other countries at the present time, but here again it is up to the country where we are exporting to have proper rules and regulations to govern their own imports. I can think of a couple of instances where they had very effective legislation, rules and regulations and it has caused problems.

**Mr. Gray:** In other words, there have been instances in which the Canadian steel industry has felt that it has not been dealt with as fairly as it would have liked with respect to its exports to other countries.

**Mr. Craig:** Yes.

[Interprétation]

Comité consultatif. On dit à l'article 30(1) que le Tribunal doit demander l'avis du Comité consultatif.

**M. Comtois:** Vous vous opposez à cela?

**M. Moloughney:** Oui.

**Le président:** D'autres questions, Messieurs?

**M. Waters:** Monsieur le président, je voudrais m'adresser à M. Arthur. Dois-je comprendre que la valeur normale sera déterminée pour le pays d'où l'exportation est faite et non pas pour le pays d'origine du produit? Si un produit est fabriqué dans un pays, vendu à un agent d'exportation d'un autre pays, et par la suite exporté au Canada, quel est le pays qui doit déterminer la valeur normale?

**M. Arthur:** Cela dépend de l'ensemble des circonstances qui entourent la transaction. La loi prévoit que la valeur normale sera fixée dans le pays d'exportation. Toutefois, si c'est une simple question de transport, l'article 12 du projet de loi parle de cela, mais n'exige pas que la valeur normale soit établie dans le pays d'origine, mais plutôt là où l'exportateur commence la transaction.

**M. Gray:** Je voudrais savoir si les témoins pourraient nous parler de leurs expériences en matière de dumping lorsqu'ils exportent leurs produits dans d'autres pays, conformément aux lois de ces pays, lorsqu'il y en a. Je veux parler de la situation qui existe aujourd'hui, plutôt que de celle qui prévaudra lorsque le Code entrera en vigueur.

**M. Craig:** Nous exportons, à l'heure actuelle, mais encore une fois, il appartient au pays importateur d'avoir des règlements et des lois pour régir leurs propres importations. Je songe à quelques cas où les lois et règlements sont très efficaces, ce qui a entraîné des difficultés.

**M. Gray:** En d'autres termes, dans certains cas, l'industrie de l'acier au Canada n'a pas été traitée comme elle le voulait dans le cas de ses exportations?

**M. Craig:** Je pense que oui.



[Text]

**Mr. Gray:** Do you feel that with the adoption of this anti-dumping code setting out what should be a similar system of ground rules for the major trading nations it will be easier for Canada's steel industry to get fair treatment in their attempts to export to these countries? When I say "fair treatment", I refer to the question of customs valuation and so on.

**Mr. Craig:** Yes, I think if it were standardized it would be easier for all of us.

**Mr. Gray:** So that the fact that we are adopting a law to implement our obligations under this code is really part of a general agreement which could be beneficial to Canadian industry as well, or at least the export side of it.

**Mr. Craig:** Yes, I would think that in general that is right.

**Mr. Waters:** I think it has been our general experience that countries that want goods ease the access of Canadian goods to those markets, but countries that do not want our goods in the past have found many non tariff barrier ways frequently of delaying imports. Perhaps a good example is Japan. There are very few imports of steel by Japan. The only imports, I would suggest, are in those products that Japan wants because they are short of that type in their own market. I believe other countries require considerably more documentation than we do. Some of them require deposits to cover certain fees before the importation arrives. There are certainly a lot of deterrents still existing.

**Mr. Gray:** I thought I should ask you this, gentlemen, because it occurred to me that we have not looked sufficiently at the other side of the coin—that it is harmful to Canadian industry, which is more export-oriented than industry perhaps in almost any other country in the world. If it is hampered by unreasonable rules and regulations in respect of importation in countries to which we export, or unreasonable application of rules, or lack of symmetry in the systems of the various countries to which we export, then the signing of this code by the major trading nations and the implementation of it by domestic legislation will mean removal of various situations of harassment of Canadian exporters, and therefore benefit Canadian industry and employment.

**Mr. Craig:** Of course, I think a lot of our exports too have gone into countries where they did not have facilities to produce the steel products that we were exporting to

[Interpretation]

**M. Gray:** Pensez-vous que l'adoption du Code antidumping établira des règles générales pour les grandes nations commerciales du monde? Est-ce que cela facilitera les choses pour l'industrie de l'acier canadienne? Est-ce que cela facilitera nos exportations, par exemple, quant à l'évaluation des douanes, etc.?

**M. Craig:** Je pense que si tout cela est normalisé, cela nous facilitera les choses.

**M. Gray:** Alors, ces lois que nous adopterons font partie d'une entente générale qui profitera à l'industrie en général?

**M. Craig:** Oui, je pense que, de façon général, c'est vrai.

**M. Waters:** De façon générale, les pays qui veulent un accès facile à ces marchés le peuvent, mais les pays qui ne veulent pas les marchandises ont trouvé bien des moyens, dont les barrières non-tarifaires, pour enrayer les importations. Un bon exemple est le Japon: il n'y a qu'une petite quantité d'importations d'acier faites par le Japon.

Les seules importations sont les produits que le Japon veut avoir s'il y a pénurie dans le pays. D'autres pays demandent beaucoup plus de documentation que nous; certains demandent des dépôts et demandent de payer certains frais, avant l'arrivée des marchandises. Cela existe encore.

**M. Gray:** Je pense que j'ai étudié la question, mais je n'ai peut-être pas étudié l'autre côté de la médaille suffisamment. Peut-être que ce sera nuisible de trop s'orienter vers l'exportation ici, car si nous avons des règlements déraisonnables, cela nous nuiera. S'il n'y a pas de règlements, ou si cela manque de symétrie, l'adoption et l'application de ce Code par des lois nationales, élimineront différentes tracasseries imposée aux exportateurs canadiens, ce qui sera un avantage pour toute l'industrie canadienne.

**M. Craig:** Je pense qu'une bonne partie de nos exportations ont été envoyées dans des pays où les installations n'existaient pas pour produire l'acier. C'est pour cela que nous

[Texte]

them. I think of tin plate. We export a great deal of tin plate to Latin American countries and there are only two of them that have modern lines, Brazil and Argentine. In the case of cold rolled sheets and other steel products, if you tried to ship it into the Argentine you would have a 35 per cent import duty. So that I think one of the major reasons why the Canadian steel industry has been able to export is that we have picked our markets and the situations, and have been selling into those markets products that were not available by the country's own producers.

**Mr. Gray:** To conclude, there have been situations when the Canadian industry has been faced with accusations of dumping in other countries—accusations you felt were not well founded. With the adoption of this Code in the form of legislation in these countries you will now have greater assurance of reasonable treatment and therefore a greater benefit to Canadian production and employment.

• 1215

**Mr. Craig:** Yes, I think in most cases that would be right.

**Mr. Gray:** Thank you.

**The Chairman:** Thank you very much, gentlemen. My thanks to the steel industry for the presentation of their brief and for the comments they have made before the Committee this morning. Yes, Mr. Craig?

**Mr. Craig:** Mr. Chairman, we have appreciated the opportunity to appear before the Standing Committee, and we look forward to a greater and continuing dialogue with both the Department of National Revenue and the new Tribunal. As we have stated, we are most anxious to provide whatever technical or commercial assistance might be of value either on a full or part-time basis. There is no question that the commercial environment is changing and that international trade practices will present a more demanding challenge for all of us in the future. As Chairman of our group I would like to thank you, Mr. Chairman, and all of your associates here and the representatives for all of your time and for being so patient with us. Thank you very much.

**The Chairman:** Thank you, Mr. Craig. Gentlemen of the Committee, the Atlas Steels Company, even though I understand they are supporting the brief presented by the steel industry, would like to present to the Committee their personal views on the proposed anti-dumping law.

[Interprétation]

exportations. Je pense aux plaques d'étain exportées en Amérique latine. Il n'y a que le Brésil et l'Argentine qui sont modernisés à cet égard. Dans le cas de certaines variétés de plaques d'acier laminé à froid, en Argentine, il y aurait des droits d'importation de 35 p. 100. Alors, l'industrie de l'acier au Canada peut exporter parce que la situation est fixe et nous vendons, sur ces marchés, des produits qui ne sont pas disponibles dans ces pays.

**M. Gray:** Dans certains cas, l'industrie canadienne est accusée de dumping ailleurs et vous dites que c'est mal fondé. Donc avec le code, avec les nouvelles loi qui entreront en vigueur dans tous les pays, on sera traité d'une façon plus raisonnable. Cela aidera l'emploi et la production ici.

**M. Craig:** Dans la plupart de ces cas, ce sera vrai.

**M. Gray:** Merci.

**Le président:** Merci beaucoup, messieurs. Je remercie l'industrie de l'acier pour son mémoire et les commentaires qui ont été faits au Comité ce matin. Oui, M. Craig?

**M. Craig:** Monsieur le président, nous apprécions le fait de nous présenter au Comité et nous espérons que le dialogue sera encore plus constant avec vous et le ministère du Revenu national et le nouveau tribunal. Comme nous l'avons dit, nous voulons donner l'aide commerciale et technique qui sera nécessaire soit à plein temps ou à temps partiel.

Sans aucun doute, le monde du commerce change et les pratiques du commerce international seront de plus en plus stimulantes pour nous à l'avenir. Comme président de mon groupe, je vous remercie, monsieur le président, je remercie tous vos collaborateurs et tous les représentants. Je vous remercie de nous avoir donné de votre temps et d'avoir été si patients. Merci.

**Le président:** Merci.

Messieurs les membres du Comité. Même si l'Atlas Steels appuie le mémoire de l'industrie de l'acier, l'Atlas Steels voudrait présenter ses opinions personnelles sur l'antidumping.



[Text]

We have before us the representatives of the Atlas Steels Company; on my immediate right is Mr. Orr and next to him is Mr. Abbinett. Mr. Orr.

**Mr. Allan V. Orr (Vice-president, Sales and Marketing, Atlas Steels Company):** Thank you, Mr. Chairman. We too welcome the opportunity of appearing before you regarding Atlas Steels' particular submission on the white paper on anti-dumping.

Atlas Steels Company is a substantial participant and investor in the Canadian specialty steel industry.

Special steels are distinct from basic steels in that they are not produced direct from iron ore and are generally highly alloyed.

Our products are produced and refined in electric furnaces which convert primary steel and alloys to the final product.

Our purpose here today is to emphasize two points which we feel must be adequately covered by the proposed anti-dumping act.

First, the proposed act refers specifically to the "Sale Price of Goods" imported into Canada. We wish to clarify whether the "Sale Price of Goods" terminology adequately covers and includes the introduction of goods into the stream of Canadian commerce when their manufacture commences in Canada but includes purchased processing or services from related companies outside of Canada.

• 1220

Secondly, we feel where a product is imported into Canada by a related company and undergoes minor final processing to make it saleable to an end customer, there is a possibility of its circumventing the proposed anti-dumping law.

These are the two points on which we would appreciate further discussion and clarification.

**Mr. Gray:** Before inviting the officials to say something, I wonder if you could inform the Committee of the nature of the products which are contemplated as being covered by the points you have raised?

**Mr. Orr:** Yes. Basically the products are for the most part highly alloyed. Elements other than iron are introduced into their mix. They are used for special applications which include the production of hard-tool steels which are used to further process the basic steels that we have just been discussing for several hours; they include valve steels, which are high-temperature, high-strength steels used in the production of automobiles; and they include stainless steels, which have

[Interpretation]

Messieurs, nous avons les représentants de l'Atlas Steels. M. Orr et M. Abbinett. Monsieur Orr.

**M. Allan V. Orr (Vice-président de l'Atlas Steels Company, Ventas et service commercial):** Merci, monsieur le président. Nous sommes très heureux d'avoir l'occasion de vous adresser la parole au sujet du Livre blanc sur l'antidumping. La Compagnie Atlas Steels est un grand participant dans cette industrie. Les aciers spéciaux se distinguent des aciers de base en ceci qu'ils ne proviennent pas directement des minerais de fer et qu'ils comportent généralement une forte proportion d'alliages.

Nos aciers sont produits et affinés dans des fours électriques qui transforment l'acier primaire et les alliages en produits finis.

Notre but ici aujourd'hui est de souligner deux points qui, à notre avis, doivent être traités suffisamment par la Loi antidumping.

D'abord la loi parle expressément du «prix de vente» des produits importés au Canada. Nous voulons déterminer si le «prix de vente» couvre et comprend l'introduction de biens sur le marché canadien lorsque la fabrication a été amorcée au Canada mais qu'elle comporte des procédés et des services provenant de sociétés connexes extérieures au Canada.

Deuxièmement, lorsque le produit est importé par une compagnie apparentée et qu'on en fait un produit fini, il y a possibilité qu'il y ait contravention à la loi antidumping. Ce sont les deux points sur lesquels nous voudrions insister.

**M. Gray:** Pourriez-vous nous dire quelle est la nature des produits auxquels se rattachent les points que vous venez de signaler?

**M. Orr:** Ce sont surtout des produits à haute teneur en alliages, où d'autres éléments que le fer sont introduits. On s'en sert à des fins spéciales. Pour la production, par exemple d'acier pour outils à grande dureté, eux-mêmes destinés au traitement des aciers de base, d'acier pour soupapes et d'acier inoxydable qu'on utilise beaucoup pour combattre la corrosion. Il y a aussi l'acier pour les mines, pour le forage, par exemple. Dans l'ensemble, ce sont des alliages d'acier très



[Texte]

a very broad use of application in connection with corrosion resistance. Then there are a myriad of other products such as mining steels which have special application in the underground drilling task. By and large they are highly alloyed steels with high strength and unusually high toughness to meet particularly demanding commercial needs.

**The Chairman:** Are there any comments from either Mr. Arthur or Mr. Hind?

**Mr. Arthur:** Well, Mr. Chairman, in looking at the brief that the Atlas Steels Company has submitted, as I understand their first request, which is contained in paragraph 5 of their letter.

We feel strongly that the intent should include all such processing beyond Canada's borders and we would welcome confirmation.

I think that that confirmation can be given. It raises the issue of whether or not this really falls within the terms of this proposed legislation in the sense that this is a matter which I understand is covered by other administrative procedures in the Department of National Revenue. And to address myself directly to the question—yes, the processing to that extent is included in the determination of the sale price of goods.

**The Chairman:** Mr. Orr.

**Mr. Orr:** Mr. Chairman, would there be a specific set of regulations governing the interpretation of the sale price of the processing or services involved?

**Mr. Arthur:** Mr. Chairman, there is in section 10 the definition of "sale price" and in the proposed regulations, Section 13 deals with the exporter's sale price.

**Mr. Orr:** Well, we thank you for confirmation that the sale of goods included the cost of processing and services as well.

**The Chairman:** Are there any comments from Mr. Hind? Then, Mr. Gillespie.

**Mr. Gillespie:** I wonder if you could give us a specific example of the kind of processing that he is referring to?

**Mr. Orr:** In basic industry, be it pulp and paper, other elements, copper, or let us take our own steel, it would be possible to set up a skeleton operation in Canada in a very capital-intensive business which we have heard today steel is, and do raw melting in Canada, ship it to the United States for further processing, bring it back in the completed product and sell it in Canada. You have pur-

[Interpretation]

durs, très résistants qui répondent à des besoins industriels précis.

**Le président:** Y a-t-il des commentaires par M. Arthur ou M. Hind?

**M. Arthur:** Monsieur le président, en jetant un coup d'œil sur le mémoire de l'*Atlas Steels Company*, leur première demande, qui se trouve à l'alinéa 5 de la lettre, est:

Nous sommes convaincus que la Loi devrait s'appliquer à tous procédés effectués en dehors du Canada et nous souhaitons en recevoir confirmation.

Je pense que cela peut être confirmé. Il s'agit de savoir si cela relève de la loi à l'étude. C'est un point couvert par d'autres procédures administratives au ministère du Revenu national mais pour revenir directement à votre question, oui, les traitements entrent dans la détermination du prix de vente d'un produit.

**Le président:** M. Orr.

**M. Orr:** Monsieur le président, est-ce qu'il y aura des règlements précis pour ce qui est de l'interprétation du prix de vente, compte tenu des traitements et des services?

**M. Arthur:** A l'article 10, on définit le «prix de vente» et dans les règlements projetés l'article 13 porte sur les prix de vente à l'exportation.

**M. Orr:** Nous vous remercions de cette confirmation, à savoir que le prix comprend les services et la transformation.

**Le président:** Y a-t-il des commentaires de M. Hind? Non? Alors, à M. Gillespie.

**M. Gillespie:** Est-ce qu'on pourrait nous donner un exemple précis de cette transformation à laquelle il est fait allusion?

**M. Orr:** Pour les industries primaires, la pâte à papier, par exemple, ou l'acier, il est possible d'effectuer les opérations fondamentales au Canada, d'établir une industrie qui absorbe beaucoup de capitaux comme c'est le cas de l'industrie de l'acier, de faire la fonte brute au Canada, d'expédier ce produit brut aux États-Unis pour y être transformé et ensuite d'être réexpédié au Canada pour y

[Text]

chased processing from the parent firm. The question comes up of what are the governing regulations as to the relationship between the two companies, the charges, and how you would establish the normal value involved. This is the area which we feel warrants considerable clarification.

• 1225

**Mr. Gillespie:** Is there much activity of this kind now, Mr. Orr, in your particular industry?

**Mr. Orr:** There has been, yes.

**Mr. Gillespie:** Is there a growing trend?

**Mr. Orr:** There could possibly be. There could possibly be. It is difficult to predict a trend of this type in advance, but there are indications that there could be.

**Mr. Gillespie:** What sort of products are you talking about that are being processed in the United States?

**Mr. Orr:** Stainless steel has been processed in the United States.

**Mr. Gillespie:** In sheet or strip form?

**Mr. Orr:** Yes, sheet and strip form.

**Mr. Gillespie:** And then re-imported into Canada as strip.

**Mr. Orr:** Yes.

**Mr. Gillespie:** Is this the main problem area?

**Mr. Orr:** Well, potentially we feel that the whole tool-steel area is open to this sort of competition. If you can melt tool steels in any one of five or six existing furnaces in Canada and the product sells for as high as \$2 a pound, it is quite conceivable that advanced processing could be done in the United States, the products brought back into Canada and entered into the stream of commerce in Canada. We think it is an area that warrants close scrutiny and study because so much of Canadian industry is captive to external ownership.

**Mr. Gillespie:** Thank you, Mr. Chairman.

**The Chairman:** Mr. Portelance.

**M. Portelance:** Monsieur le président, j'aimerais poser une question à M. Orr. Un travail effectué aux États-Unis ne peut-il pas être effectué ici au Canada? N'y a-t-il pas

[Interpretation]

être vendu. La transformation aura été achetée à la société mère. On se demande s'ils percevront les règlements. On se demande quels règlements appliquer aux rapports entre les deux compagnies, aux charges, comment pouvez-vous établir la valeur normale en pareil cas? C'est dans ce domaine que nous voudrions beaucoup d'éclaircissements.

**M. Gillespie:** Est-ce que cette activité est très répandue dans votre industrie?

**M. Orr:** Oui, elle l'a été.

**M. Gillespie:** Est-ce qu'elle a tendance à augmenter?

**M. Orr:** Peut-être. C'est assez difficile de prévoir cela, mais il y a des indices.

**M. Gillespie:** De quels produits parlons-nous qui sont transformés aux États-Unis?

**M. Orr:** L'acier inoxydable, par exemple.

**M. Gillespie:** En feuillets ou en bandes?

**M. Orr:** Les deux.

**M. Gillespie:** Puis réimportation sous forme de bandes?

**M. Orr:** Oui.

**M. Gillespie:** C'est là le problème principal?

**M. Orr:** Oui, tout le domaine des outils d'acier. Dans tout le domaine des outils d'acier il se livre une concurrence assez vive. S'il est possible de fondre ces aciers, dans l'un des cinq ou six fours existant au Canada, et qu'on puisse vendre les produits \$2 la livre, il est concevable qu'une transformation plus poussée puisse se faire aux États-Unis, que le produit revienne ensuite au Canada et pénètre sur le marché intérieur. Nous croyons que c'est un domaine qu'il faut étudier de près parce qu'une bonne part de l'industrie canadienne appartient à des étrangers.

**M. Gillespie:** Merci, monsieur le président.

**Le président:** Monsieur Portelance.

**Mr. Portelance:** Mr. Chairman, I would like to put a question to Mr. Orr. Work which is done in the United States, can it not be done here in Canada? Is there no possibility in



[Texte]

possibilité dans votre industrie de le faire faire par des ouvriers canadiens? Les transformations.

**Mr. Orr:** Yes, it is possible to have the work done by Canadian workers in instances that I have in mind.

**M. Portelance:** La raison pour laquelle vous le faites faire aux États-Unis, c'est que le prix de revient est plus bas, ou quoi? Quelle est la raison principale?

**Mr. Orr:** I would assume one reason would be that you have an established facility with capacity for the total North American market which you could not economically afford to duplicate in Canada for the Canadian market. So there is always the ever-present danger of the communal use of facilities—if you will, the rationalizing of facilities.

**The Chairman:** But Mr. Orr, is it your industry which is sending the product to the United States for processing or is it competitors?

**Mr. Orr:** Well, it is occurring in our industry.

**The Chairman:** Is it your own firm?

**Mr. Orr:** Yes, our own firm does some as part processing, and as soon as facilities are available in Canada then we revert to full Canadian—

**The Chairman:** No, Mr. Orr, but you bring to our attention that if clause 10 is not followed, according to you there will be unfair competition. Is Atlas Steels sending the product to the United States for processing?

**Mr. Orr:** No. The basic point that we are trying to get at is that processing abroad has been made available to Canadian industry where the facilities are not available in Canada. We think it is very important, particularly in the case of related companies, that this condition is not allowed to go on in the face of facilities being available in Canada, certainly when you have the related company aspect which can cause considerable concern to the Canadian manufacturer who has spent many millions of dollars for the equipment to do the job in Canada.

**Mr. Gray:** Mr. Chairman, I have a question arising out of a very interesting question you raised. Is this correct, gentlemen, that you are doing the very thing that you are complaining of yourselves right now, making goods and sending them out of Canada to somewhere else for further processing and bringing them back?

[Interprétation]

your industry to have this work done by Canadian workers? I am referring to processing.

**M. Orr:** Oui, c'est possible de faire faire ce travail par des travailleurs canadiens dans certains cas auxquels je pense.

**Mr. Portelance:** The reason why you have it done in the United States is that the cost is lower, is it? What is the main reason?

**M. Orr:** Une raison, c'est que vous avez des services déjà établis pour le marché nord-américain tout entier. On ne pourrait pas doubler ces services au Canada pour le marché intérieur. Il y a toujours le danger d'usage commun des installations.

**Le président:** Est-ce que c'est votre industrie qui envoie ses produits aux États-Unis pour transformation ou ses concurrents?

**M. Orr:** Ma foi, c'est notre industrie.

**Le président:** Votre propre compagnie?

**M. Orr:** Oui, dans une certaine mesure, nous faisons certains travaux de transformation, mais dès que nous aurons des installations, nous ferons tout au Canada.

**Le président:** Ce que j'ai voulu dire, monsieur Orr, c'est que vous avez attiré notre attention sur le fait que, si l'on n'applique pas l'article 10, ce sera d'après vous une concurrence déloyale. L'Atlas Steels envoie-t-elle ses produits aux États-Unis pour transformation?

**M. Orr:** Non, ce que nous voulons dire ici c'est que la transformation à l'étranger est ouverte à l'industrie canadienne lorsque les installations n'existent pas au Canada. Nous croyons que c'est très important surtout pour des compagnies apparentées qu'on ne permette que cela se fasse lorsqu'il existe des installations au Canada et surtout lorsqu'il s'agit d'une société apparentée, ce qui peut causer beaucoup de soucis aux fabricants canadiens qui ont dépensé des millions de dollars en équipement pour exécuter ce travail au Canada.

**M. Gray:** Est-ce que vous ne faites pas vous-même ce dont vous vous plaignez? Vous fabriquez des produits et les envoyez ailleurs pour les faire transformer.



[Text]

**Mr. Orr:** Yes, I mentioned that this has been done and it...

**Mr. Gray:** Your firm is doing it.

**Mr. Orr:** Yes, that is right.

**Mr. Gray:** Well, what would you say if another firm came in this afternoon and complained about your practices which you just mentioned and asked that the change you request be imposed against your activity?

• 1230

**Mr. Orr:** I think you would take every case on its own merit. If a facility is available in Canada to do it then it should be done here, and it would be done here. We ship abroad because the facility is not available in Canada.

**Mr. Gray:** Will your competitors not make the same argument?

**Mr. Orr:** No, it is available.

**Mr. Gray:** Well, it is a matter of argument what is available and what is not available. From a commercial point of view many considerations could come into play in defining availability.

**Mr. Orr:** Yes, and I guess it becomes rather important because, as I say, the majority of Canadian industry is captive to external parent firms and the rationalization of production to, shall we say, give rise to the opportunity to exploit the Canadian market via the use of American established and justified facilities is very, very large.

**Mr. Gillespie:** Mr. Orr...

**The Chairman:** Mr. Gillespie, is your question a supplementary?

**Mr. Gillespie:** Yes it is, Mr. Chairman. To try to clarify this issue, it seems to me that we are talking about specialty steel here, are we not?

**Mr. Orr:** I do not believe it would necessarily be restricted to specialty steel.

**Mr. Gillespie:** That is what you are referring to when you say there have not been facilities available in Canada to do this processing up to now...

**Mr. Orr:** Yes, that is right.

**Mr. Gillespie:** ...and that we are talking about a very narrow segment of the market, those for the most part, perhaps, using nickel.

[Interpretation]

**M. Orr:** Oui, j'ai dit que cela s'est fait.

**M. Gray:** Votre société le fait?

**M. Orr:** Oui, c'est juste.

**M. Gray:** Que diriez-vous si une autre société venait cet après-midi et se plaignait de vos propres pratiques et si elle vous demandait d'appliquer à votre activité le changement que vous exigez?

**M. Orr:** Je crois qu'il faut étudier chaque cas selon son mérite. Si les installations existent au Canada, le travail doit se faire au Canada et il y serait fait. Nous les expédierons à l'étranger parce que les installations n'existent pas ici.

**M. Gray:** Est-ce que vos concurrents n'invoqueront pas le même argument?

**M. Orr:** Non, ces installations sont disponibles.

**M. Gray:** C'est une question de savoir ce qui est disponible et ce qui ne l'est pas. Du point de vue commercial, beaucoup de considérations entrent en jeu lorsqu'il s'agit de définir la disponibilité.

**M. Orr:** Je crois que c'est une question assez importante parce que la majorité des sociétés canadiennes sont entre les mains d'entreprises étrangères. La rationalisation de la production pour fournir l'occasion d'exploiter le marché canadien par l'emploi qu'on fait des installations américaines, établies et justifiées, est très générale.

**M. Gillespie:** Monsieur Orr...

**Le président:** Monsieur Gillespie votre question est-elle complémentaire?

**M. Gillespie:** Oui, elle l'est, monsieur le président. Il me semble qu'on parle ici d'aciers spécialisés, n'est-ce pas?

**M. Orr:** Non, je ne crois pas que cela se limite aux aciers spécialisés.

**M. Gillespie:** Mais, n'est-ce pas ce dont vous parlez lorsque vous dites qu'il n'y a pas d'installations au Canada pour faire cette transformation jusqu'à maintenant?

**M. Orr:** Oui, c'est juste.

**M. Gillespie:** Par conséquent, il s'agit d'un secteur très minime du marché, peut-être celui qui emploie du nickel la plupart du temps.

[Texte]

**Mr. Orr:** Yes, substantially, but a very large dollar potential.

**Mr. Gillespie:** But you say now that these facilities are becoming available and therefore you would hope that this practice which your firm and others have engaged in in the past will cease because there is capacity now in Canada. Is that correct?

**Mr. Orr:** Certainly they should not have any advantage by virtue of being part of an externally controlled company over a Canadian company with its full facilities in Canada employing Canadians. This is the point that I would like to make.

**Mr. Gray:** Who do the American-controlled companies employ, Japanese?

**Mr. Orr:** Mostly Americans.

**Mr. Gray:** In Canada?

**Mr. Orr:** Again you get into how many they employ—value added.

**Mr. Gray:** I think you have a point that is worthy of further consideration but are you sure that what you are asking really comes within the intent of dumping legislation? Dumping legislation does not provide for a ban on imports under the circumstances you mentioned and, if what you say is a factor which would help establish a price for sale in Canada below the fair market value in the country of origin, at most this would mean the imposition of dumping duty and create a more equitable form of competition.

**Mr. Orr:** Mr. Chairman, what I am trying to develop is whether there is a method of establishing a normal value on this product in terms of the case that I have outlined.

**Mr. Gray:** If we look at your own practice, how do you establish a value on it?

**Mr. Orr:** From our costs and from competitive market situations.

**Mr. Gray:** Perhaps we could use what you do as an example to help to develop a scheme.

**The Chairman:** Mr. Hind?

**Mr. Hind:** Mr. Chairman, we have been faced with this problem for many, many years and if Mr. Orr is fearful that this is something new, that National Revenue may have difficulty in giving effect to the normal value, I would like to assure him that we do not share his fears.

[Interprétation]

**M. Orr:** Effectivement, et sous forme de dollars, c'est un marché très important.

**M. Gillespie:** Donc vous espérez que cette pratique exercée par votre société et par d'autres cessera parce que nous avons maintenant les installations nécessaires au Canada. Est-ce exact?

**M. Orr:** Ils ne devraient certes pas jouir de certains avantages, parce qu'ils font partie d'une société contrôlée à l'étranger, par rapport aux compagnies canadiennes qui ont des installations au Canada et qui emploient des Canadiens. C'est la distinction que j'ai voulu faire.

**M. Gray:** Les sociétés à contrôle américain, qui emploient-elle, des Japonais?

**M. Orr:** En majorité, des Américains.

**M. Gray:** Au Canada?

**M. Orr:** Ici, il faut se demander combien d'hommes y sont employés, et ce que cela représente comme valeur.

**M. Gray:** Je crois qu'il y a lieu d'approfondir le point que vous soulevez. Êtes-vous sûr que ce que vous demandez relève de la législation antidumping? Cette législation ne prévoit pas l'interdiction d'importations de ce genre. Vous dites que cela pourra contribuer à établir un prix pour la vente au Canada qui sera plus bas que la juste valeur marchande dans le pays d'origine. Cela signifie tout au plus l'imposition d'un droit de dumping et crée une forme plus juste de concurrence.

**M. Orr:** Monsieur le président, j'essaie de savoir s'il existe un moyen d'établir la valeur normale à l'égard du produit, en fonction du cas que j'ai signalé?

**M. Gray:** Si vous considérez vos propres méthodes, comment établissez-vous la valeur?

**M. Orr:** D'après le coût et d'après la situation du marché de concurrence.

**M. Gray:** On pourrait se servir de cela comme exemple pour établir une formule.

**Le président:** Monsieur Hind?

**M. Hind:** Monsieur le président, ce problème existe depuis des années. Et si M. Orr craint qu'il y a là quelque chose de nouveau, que le ministère du Revenu national peut avoir des difficultés à déterminer les valeurs normales, je tiens à lui dire que nous ne partageons pas ces craintes.



[Text]

We have to establish a normal value in the country of export and our first approach is this. The exporter does some work for a Canadian importer. He charges for that work. We then endeavour to find out what the exporter charges his customers in the home market for doing the same type of work. That would give us the normal value.

If, as sometimes happens, the exporter does not do the same type of work for customers in the country of export, then our normal value is determined by advancing the cost to the exporter of doing that work by the margin of profit that he normally earns in selling his goods in his country of export.

I repeat, we do not anticipate too much difficulty here.

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**Mr. Orr:** Mr. Chairman, I would like to thank Mr. Hind. This is specifically the point we wanted to pin down, whether the new anti-dump regulations encompassed this purchase of processing or sale of processing as well as sale of goods.

**Le président:** Monsieur Portelance, nous nous sommes éloignés du sujet de votre question pendant quelques minutes, mais je vous retourne la parole.

**M. Portelance:** Merci, monsieur le président. Cela répond à mes questions.

**The Chairman:** Are there any questions, gentlemen? If not, I will thank Mr. Orr and Mr. Abbinett from the Atlas Steels Company for their briefs and their comments and I hope that the replies given by Mr. Arthur and Mr. Hind are satisfactory to them.

**Mr. Orr:** Fine, Mr. Chairman; thank you.

**The Chairman:** Thank you, very much.

**Le président:** Messieurs, mardi après-midi, lorsque j'ai annoncé le programme d'aujourd'hui, j'ai mentionné qu'au début de la séance de l'après-midi, nous aurions parmi nous des représentants de la «Machinery and Equipment Manufacturers Association of Canada», puis dans la soirée, des représentants de la Fédération canadienne de l'agriculture. A la suggestion de certains membres de ce Comité et grâce au bon travail de notre greffier et à la collaboration des représentants de la Fédération canadienne de l'agriculture, ils seront avec nous cet après-midi. Nous les entendrons au début de la séance. Le témoin suivant sera M. J. H. Fulcher de «Howdon and Parsons».

[Interpretation]

Il faut établir la valeur normale dans le pays d'exportation et pour commencer, l'exportateur, disons, exige un certain prix pour son travail vis-à-vis de l'importateur. Nous cherchons à déterminer ce que l'exportateur exige sur son propre marché pour le même travail. Cela nous donne la valeur normale.

Si, comme cela se produit quelquefois, l'exportateur ne fait pas ce même travail pour ses clients dans son propre pays, notre valeur normale est déterminée d'après ce qu'il en coûte à l'exportateur pour faire exécuter ce travail augmenté de la marge de profits qu'il gagne généralement en vendant son produit dans son pays.

Nous ne prévoyons pas trop de difficultés ici, je le répète.

**M. Orr:** Je remercie M. Hind. C'est précisément le point que nous voulions préciser. Nous voulions savoir si le règlement antidumping porte sur ces cas-là, sur cet achat ou cette vente des produits transformés aussi bien que sur la vente de marchandises.

**The Chairman:** Mr. Portelance, we have strayed from your question during the past few minutes, but it is your turn to speak again.

**Mr. Portelance:** Thank you, Mr. Chairman. My question has been answered.

**Le président:** Y a-t-il d'autres questions, messieurs? Sinon, je vais remercier M. Orr, M. Abbinett de l'Atlas Steel Co. Nous les remercions de leurs commentaires, de leur mémoire. Nous remercions aussi MM. Arthur et Hind de leurs réponses. Nous espérons qu'elles sont satisfaisantes.

**M. Orr:** Merci beaucoup, monsieur le président.

**Le président:** Merci beaucoup.

Gentlemen, Tuesday afternoon, when I announced the program for today, I mentioned that at the beginning of the afternoon meeting we would have representatives of the Machinery and Equipment Manufacturers Association of Canada, and then in the evening the representatives of the Canadian Federation of Agriculture. At the suggestion of some members of the Committee, and thanks to the good work of our secretary and the cooperation of the representatives of the Canadian Federation of Agriculture, they will be here this afternoon. We shall hear them at the beginning of the sitting. The following witness will be Mr. J. H. Fulcher of Howdon and Parsons.



## [Texte]

Again, thank you very much, Mr. Orr and Mr. Abbinett.

We will adjourn until 2 o'clock, when we will meet in the same room.

## AFTERNOON SITTING

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**The Chairman:** Gentlemen, we have before us this afternoon representatives of the Machinery & Equipment Manufacturers' Association of Canada. On my right is Mr. Lewis, President of the Association and Vice-President of Sales for Dominion Engineering Works Ltd., Montreal. I will ask him to introduce the other members of the delegation.

**Mr. G. D. Lewis (President, Machinery & Equipment Manufacturers' Association of Canada and Vice-President, Sales, Dominion Engineering Works Ltd., Montreal):** Mr. Chairman and gentlemen, on my right is Mr. P. J. Slaughter, Vice-President of the Association and President of Hamilton Gear & Machine Company in Toronto. Mr. F. W. Cranston, Vice-President of Babcock-Wilcox Canada Limited; Mr. J. P. Finnigan, Past President of the Association and General Manager of Gardner-Denver Co. (Canada) Limited, Toronto; and Mr. H. J. Chambers, Past President of the Association and Chairman of the Board of Fluid Power Limited.

**The Chairman:** You are aware, Mr. Lewis, as you were before this Committee, I think in January or February, that it is our practice to hear a summary of your brief.

**Mr. Lewis:** Thank you, Mr. Chairman. Gentlemen, our submission outlines our concern in the machinery and equipment manufacturing industry if the new legislation increases the frequency of dumping in our market. Our concerns are the same as those expressed to you by other groups. We come to you as representatives of an association where 60 per cent of the membership are subsidiaries or branches of United States or United Kingdom companies.

• 1420

Our brief describes our market, how it depends on capital spending in primary and secondary industry, the long life of machinery, the importance of service and replacement parts business and the value of important installations in this country to serve as references or advertisements for export work.

## [Interprétation]

**Le président:** Encore merci beaucoup, monsieur Orr et monsieur Abbinett. Nous allons maintenant ajourner jusqu'à 2 heures. Nous nous réunirons dans la même pièce.

## SÉANCE DE L'APRÈS-MIDI

**Le président:** Messieurs, nous avons, avec nous, cet après-midi des représentants de Machinery and Equipment Manufacturers Association of Canada. J'ai à ma droite, M. G. D. Lewis, président de Machinery and Equipment Manufacturers' Association of Canada et vice-président de Dominion Engineering Works Ltd. of Montreal. Je vais lui demander de présenter les autres membres de sa délégation.

**M. G. D. Lewis (Président de la Machinery and Equipment Manufacturers Association of Canada et vice-président de Dominion Engineering Works Ltd. of Montreal):** Monsieur le président, messieurs, à ma droite, M. P. J. Slaughter, vice-président de l'Association et président de Hamilton Gear and Machine Co. Toronto; M. F. W. Cranston, vice-président, Babcock-Wilcox Canada Limited, Galt; M. J. P. Finnigan, ancien président de l'Association et gérant général de Gardner-Denver Co. (Canada) Ltd.; M. H. J. A. Chambers, ancien président de l'Association et président du conseil d'administration de Fluid Power Limited, Toronto.

**Le président:** Comme vous le savez, monsieur Lewis, la coutume au Comité, vous êtes venu, je crois, en janvier et février, la coutume veut donc que vous donniez un résumé de votre mémoire.

**M. Lewis:** Merci, monsieur le président. Messieurs, notre mémoire expose l'inquiétude de notre industrie si, par suite de la nouvelle législation, il y a augmentation du dumping sur nos marchés, nos inquiétudes sont les mêmes que celles exprimées par d'autres groupes. Nous sommes ici comme représentants d'une association dont 60 p. 100 des membres sont des filiales de compagnies américaines ou britanniques.

Notre mémoire décrit nos marchés, nos affectations dans les domaines primaires et secondaires, la longue durée des machines industrielles, l'importance des services et des pièces et la valeur des installations importantes dans ce pays. Nous reconnaissons l'importance de concentrer nos efforts sur cer-

## [Text]

We recognize the importance of concentrating on certain lines or models of machines to get the advantage of long-run production, but we suggest that this has limited application in our industry.

A large proportion of machinery in this country, and in others, is short-run production and although not exactly seasonal it is cyclical with the growth and expansion of the economy. This makes our industry particularly sensitive to dumping. If we miss the opportunity to participate in one of the cycles because of dumping it may be harder and perhaps impossible to retain a reasonable workload and/or a competent staff through to the next cycle.

We should be aware of two important points. First, there is a very strong incentive for the large machinery manufacturers of the United States, Great Britain, Europe and Japan to break into the Canadian machinery market because the scale of operation in our primary industries is very large and it provides an important reference for them in their world-wide business.

Second, the machinery industry lacks the continuous flow characteristic of consumer goods products. Industrial machinery has a relatively long working life and repeat business thus operates on a very long slow cycle. In addition, a considerable proportion of it is custom made with replacement parts and service normally available only from the original manufacturer.

It is therefore readily apparent that one completed dump, whether free or not, may cause heavy and long-lasting damage to our industry. We ask that determination of industry include the following losses to Canadian manufacturers and employment. First the value of the first machine that is dumped; second the value of any repeat orders that may be needed to expand capacity with the same equipment; and third the value of the replacement parts and service business over the life of the machinery.

We contend that any margin of dumping represents injury, and that the regulations should be designed with substantial penalties to prevent dumping by foreign companies, especially those striving to pre-empt the market. We recognize determination of normal value as the key issue in dumping and recommend very careful consideration in the drafting and application of the regulations and

## [Interpretation]

tains modèles, sur certaines lignes de machines pour profiter des avantages d'une production à long terme, mais nous croyons que les applications en sont limitées dans notre industrie. Une forte proportion de la machinerie, ici et ailleurs, est de la production à court terme. Bien que ce ne soit pas saisonnier, c'est cyclique suivant la croissance et l'expansion de l'économie; ceci rend notre industrie particulièrement sensible au dumping. Si nous ratons l'occasion de participer à l'un de ces cycles à cause du dumping, il nous sera peut-être impossible de conserver une somme suffisante de travail ou un personnel spécialisé.

Il nous faut signaler deux points importants: d'abord, les fabricants de machinerie lourde des États-Unis, de la Grande-Bretagne, de l'Europe et du Japon, sont appelés à pénétrer sur le marché canadien, parce que la gamme des opérations dans nos industries primaires est très grande et sert d'indice pour leur commerce à travers le monde.

Deuxièmement, l'industrie de la machine manque de la caractéristique de continuité, sa durabilité est assez longue et son utilisation répétée se fait donc sur un très long cycle lent. De plus, une bonne proportion des produits sont fabriqués sur mesure et les pièces ne peuvent être obtenues que du fabricant initial.

Il apparaît donc qu'un dumping entier, libre ou pas, peut causer un grave préjudice, de très longue durée, à notre industrie. Nous demandons donc que dans la détermination de l'industrie, on tienne compte des pertes suivantes, subies par les manufacturiers et la main-d'œuvre canadiens:

## Premièrement:

la valeur de la marchandise qui est déversée; deuxièmement:

la valeur de tout renouvellement de commandes dont on peut avoir besoin pour accroître la capacité de rendement du même équipement; et, troisièmement:

la valeur des pièces de remplacement et l'entretien pour toute la durée de la machine.

Nous prétendons que toute marge de dumping peut représenter un préjudice, et que les règlements doivent être conçus de façon à prévoir des sanctions pour prévenir le dumping de la part des compagnies étrangères. Nous reconnaissons que la détermination de la valeur juste est la pierre d'achoppement du dumping et nous recommandons qu'une attention très sérieuse soit apportée dans la rédaction



## [Texte]

that they specifically include the normal overheads and profits of the quantities sold in the Canadian market, and the value of reduced interest rates offered by the exporting country to cover financing of the machinery for the project to which it is destined.

The provisions for exemption under clause 7 cause us some concern. We visualize such things as the starting of new industries with provincial or federal government support. Might it also include the sale of used machinery which was imported by contractors under end-use or order in council for a specific project, and then unloaded on this market as secondhand equipment?

Canada is one of the few countries which allows entry of goods or machinery with payment of the published tariffs. Other countries make extensive use of nontariff barriers to protect their markets against imports and dumping. Press reports in the past week illustrate this.

In the monetary crisis, Germany chose to hold the value of the Mark by reducing the taxes against imports and decreasing the tax rebates on exports. The United States is applying countervailing duties on the imports of ski lifts, transmission towers and other steel products from Italy.

Both of these are entirely apart from tariffs negotiated under the Kennedy Round, and we have no similar protection in Canada. Great Britain has instituted a system of advance deposits to discourage imports. These countries move quickly to protect their markets against any threats.

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We add our voice to those who have already expressed concern about nontariff barriers which are set up to exclude us. In many instances we are not even allowed to tender in foreign markets, whereas foreign competitors from those countries have completely unimpeded access to our Canadian market. We must be realistic in this situation. We are not asking that our foreign competitors be excluded, but only that we have the same opportunity to compete in their markets that we so willingly give them in ours. If we cannot get free access, we should not give it. We shall be pleased to discuss illustrations of what happens in our market with what appears to be dumping, and to answer any questions you may have.

## [Interprétation]

tion et l'application des règlements et qu'ils comprennent les frais généraux et les profits des quantités écoulées sur le marché canadien. Il faut tenir compte aussi de la valeur des taux d'intérêt réduits offerts par le pays exportateur pour couvrir le financement de la machinerie.

Les dispositions d'exemption à l'article 7 nous cause une certaine inquiétude. Nous entrevoyons la possibilité de l'établissement de nouvelles industries avec l'appui des gouvernements fédéral et provinciaux. On devrait aussi inclure la vente de machines usagées importées par des contracteurs, en vertu des dispositions réglementant les fins de séries ou par un ordre en conseil, en vue d'un projet spécifique et ensuite déchargées sur le marché canadien comme de l'équipement de seconde main.

Le Canada est l'un des rares pays qui permet l'entrée de marchandises ou machines à ces conditions. D'autres pays prennent diverses mesures pour protéger leur propre marché. Durant la crise monétaire, l'Allemagne a choisi de surévaluer le marché en réduisant les impôts sur les importations et en réduisant les remises d'impôt sur les exportations. Les États-Unis ont accordé des droits compensateurs sur les importations de remonte-pentes, des tours de transmission et d'autres produits d'acier de l'Italie. Deux de ceux-là sont complètement en dehors des négociations Kennedy et au Canada nous n'avons pas de protection de ce genre. La Grande-Bretagne a institué l'idée des dépôts anticipés, afin d'éliminer les importations. Ces pays se hâtent de protéger leurs marchés dès qu'il survient une menace.

Nous ajoutons notre voix à celle de ceux qui ont déjà exprimé leur inquiétude. Dans bien des cas, on ne nous permet même pas de présenter des offres sur les marchés étrangers, alors que les fabricants étrangers ont tout à fait accès à notre marché canadien. Il faut être réaliste. Nous ne demandons pas que nos concurrents étrangers soient exclus, mais que nous ayons, nous aussi, l'occasion de pénétrer sur leurs marchés autant qu'ils peuvent pénétrer sur le nôtre. Nous serons heureux de vous donner des exemples de ce qui a pu arriver sur notre marché et qui nous semble des opérations de dumping, et de répondre aux questions que vous pourrez nous poser.



[Text]

It is not sufficient to conduct research and take advantage of government support to improve and strive for excellence in certain products or machines for the export markets. We must be strong over a broad base in our own market, and this can only be accomplished if we receive the same support or protection as our competitors in the other industrialized countries.

With respect to the proposed legislation we believe it is essentially sound. We particularly like the provision for action before importation takes place, and the fact that this applies whether goods are available or not. It is obvious that the new law will only be as good as its administration, but this is such a critical factor that we wish to add our support to all of those who have already made this point.

The proposed Tribunal will play a very important part in the administration of the law. We hope that at least one of the members will have a good understanding of the machinery business. We offer our support and guidance in making the legislation constructive and effective for the growth and well-being of our industry, and for continuing employment for the skilled and technically trained people in our society.

On behalf of my colleagues in the Association I wish to express our appreciation for the opportunity to submit our opinions and concerns for your consideration. Thank you, Mr. Chairman.

**The Chairman:** Thank you, Mr. Lewis. Are there any other comments from the representatives of the Association?

**Mr. Lewis:** We have a number of illustrations if you would like to go on with those.

**The Chairman:** Are there any comments from Mr. Arthur of the Department of Finance?

**Mr. Arthur:** Mr. Chairman, I think it might be useful if we were to start to go through the brief.

**The Chairman:** All right, but you have no general comments?

**Mr. Arthur:** I have no general comments, sir.

**The Chairman:** Mr. Hind, do you have any general comments?

**Mr. Hind:** Mr. Chairman, just in case there is any confusion, I think I would like to make one point clear. Mr. Lewis has said that he is happy that action can be taken now in

[Interpretation]

Il n'est pas suffisant de procéder à des recherches et de profiter de l'aide gouvernementale pour tenter d'améliorer notre situation sur les marchés d'exportations. Il nous faut raffermir notre base sur notre propre marché et cela ne sera possible que si nous recevons le même appui et la même protection que nos concurrents des pays industrialisés.

Pour ce qui est de la mesure proposée, nous croyons qu'elle peut donner de bons résultats s'il est possible d'entreprendre des mesures avant que l'importation ait lieu. Il est évident que la nouvelle loi ne sera bonne que dans la mesure où elle sera bien administrée. Mais il s'agit d'un facteur tellement important que nous voulons ajouter notre appui à celui de tous ceux qui se sont déjà déclarés favorables à la nouvelle loi.

Le tribunal, tel que conçu, contribuera pour une large part dans l'administration de la loi. Nous espérons qu'un des membres du tribunal, au moins, comprendra très bien les modalités de l'industrie de la machinerie. Nous offrons notre appui et nos conseils afin de rendre cette loi constructive et efficace en vue de la croissance et du maintien de notre industrie afin que nous puissions continuer à donner de l'emploi à la main-d'œuvre qualifiée.

Au nom de mes collègues de l'Association, je désire vous exprimer notre appréciation pour l'occasion que vous m'avez fournie de vous exposer nos vues. Merci.

**Le président:** Merci, monsieur Lewis. Y a-t-il d'autres commentaires de la part d'autres représentants de l'Association?

**M. Lewis:** Nous pouvons vous donner des éclaircissements, si vous le désirez.

**Le président:** M. Arthur, du ministère des Finances, a-t-il des commentaires à faire?

**M. Arthur:** Monsieur le président, il serait peut-être utile de repasser le mémoire avant de commencer.

**Le président:** Très bien, mais vous n'avez pas de commentaires en général?

**M. Arthur:** Je n'en ai pas, monsieur.

**Le président:** Monsieur Hind, avez-vous des commentaires à faire?

**M. Hind:** Monsieur le président, au cas où il y aurait malentendu, je veux qu'il soit bien compris que M. Lewis est heureux que des mesures puissent être prises maintenant avant

[Texte]

advance of importation irrespective of whether or not the goods are available in Canada.

I think he will understand that if goods are not available, that is to say, if they are not made in Canada there would be very little likelihood of injury being caused and, therefore, the present Bill would have no application.

**The Chairman:** Mr. Hind, when you say present do you mean the proposed bill?

**Mr. Hind:** Yes, sir.

**The Chairman:** Not the current legislation.

**Mr. Hind:** It applies equally to the current legislation and the proposed Bill, Mr. Chairman. In other words, dumping duty at the present time is collectable only in respect of goods of a class or kind made in Canada.

The proposed Bill limits the collection of dumping duty when dumping is found and there is also injury. Now, all I am saying is that I do not think there can be injury if the goods are not manufactured in Canada.

**Mr. Lewis:** Mr. Chairman, our remark is strictly on the basis of it impeding the manufacturer. The intention may be there, but dumping may be going on while someone is setting up to make a business. This is our point.

**Mr. Hind:** This would be the retardation of the establishment of an industry in Canada?

**Mr. Lewis:** Yes.

**Mr. Hind:** Yes, sir.

**Mr. Gray:** Which is covered by the proposed law, is that right Mr. Arthur?

**Mr. Arthur:** Yes.

**The Chairman:** Gentlemen, the brief is divided into five main paragraphs. The first paragraph deals with the introduction, the second paragraph concerns the market for machinery and equipment, and the third paragraph deals with market characteristics.

Are there any comments or questions on that, gentlemen?

• 1430

**Mr. Gillespie:** On the introduction page, Mr. Chairman, Mr. Lewis mentioned that 60 per cent of the firms in the industry were subsidiaries of United States or United Kingdom corporations. Would they also represent approximately 60 per cent of the output of your industry?

[Interprétation]

l'importation, peu importe que les denrées soient accessibles ou non au Canada. Il conviendra que si ces denrées ne sont pas accessibles au Canada, si elles ne sont pas fabriquées, il est très peu probable qu'il y ait préjudice. Et, par conséquent, la loi actuelle ne s'appliquera pas.

**Le président:** Monsieur Hind, quand vous dites «actuelle», référez-vous au projet de loi?

**M. Hind:** Oui, monsieur.

**Le président:** Pas la loi actuelle?

**M. Hind:** Cela s'applique également à la loi actuelle et au projet de loi, monsieur le président. En d'autres termes, les droits de dumping aujourd'hui sont recueillis pour des catégories de produits fabriqués aussi au Canada, tandis que le projet de loi précise qu'il y aura des droits de dumping seulement lorsqu'on prouvera qu'il y a dumping. Il n'y aura pas de préjudice si certaines marchandises ne sont pas fabriquées ici.

**M. Lewis:** Monsieur le président, cette remarque ne s'applique que dans les cas où c'est nuisible au fabricant. L'intention peut être là, mais le dumping peut se produire au moment où quelqu'un est à établir une industrie. C'est le point que nous voulons faire ressortir.

**M. Hind:** Ceci retarderait l'établissement d'une industrie au Canada?

**M. Lewis:** Oui.

**M. Hind:** Oui, monsieur.

**M. Gray:** C'est compris dans le projet de loi.

**M. Arthur:** Oui.

**Le président:** Le mémoire est divisé en cinq paragraphes: le premier a trait à l'introduction; le deuxième, au marché des équipements et le troisième, la caractéristique du marché.

**M. Gillespie:** M. Lewis a dit que 60 p. 100 de ces entreprises était des filiales américaines ou de la Grande-Bretagne. Est-ce qu'elles représentent aussi 60 p. 100 de la production de votre industrie?



[Text]

**Mr. Lewis:** Yes, Mr. Chairman, it would be approximately 60 per cent. Pardon me, I am not sure I answered that question correctly. Do you mean that the 60 per cent supply is 60 per cent of our output?

**Mr. Gillespie:** That is right.

**Mr. Lewis:** No, that may not be quite correct.

**Mr. Gillespie:** Could you give us some idea of the proportion of the output that would be accounted for by those which are foreign subsidiaries?

**Mr. Lewis:** It might be closer to 70 per cent. Some of the bigger members are foreign controlled.

**Mr. Gillespie:** I would like a couple of other figures to see this thing in context in terms of the international trading arrangements, Mr. Lewis. You mentioned in your brief that your output is of the order of \$300 million a year and that 5 per cent of it would be exported, which is roughly \$15 million. What would be the value of the imports of machinery products coming into Canada?

**Mr. Lewis:** This is a very difficult figure to establish. In our own type of industry we think perhaps twice as much as that comes in.

**Mr. Gillespie:** Roughly \$30 million!

**Mr. Lewis:** Yes. No, no, \$600 million.

**Mr. Gillespie:** \$600 million. This then gives us some idea of the order of magnitude...

**Mr. Lewis:** Yes.

**Mr. Gillespie:** ...we are talking about when we consider the application of the General Agreement on Tariffs and Trade and, more particularly, anti-dumping. This is the reason I asked these questions, Mr. Lewis.

**Mr. Lewis:** Yes.

**Mr. Harkness:** Could I, for clarification, ask a question? Does your Association and the figures that you provide include farm machinery or does it not?

**Mr. Lewis:** No, sir.

**Mr. Harkness:** No. I did not think it included that.

**Mr. Lewis:** That is right.

**The Chairman:** Have you any other questions, Mr. Gillespie?

**Mr. Gillespie:** No, Mr. Chairman.

[Interpretation]

**M. Lewis:** Oui, monsieur le président, c'est environ 60 p. 100. Excusez-moi, voulez-vous dire 60 p. 100 de notre production?

**M. Gillespie:** Oui.

**M. Lewis:** Non, ce n'est peut-être pas exact.

**M. Gillespie:** Pourriez-vous nous dire quelle est la proportion représentée par les filiales étrangères?

**M. Lewis:** C'est plutôt 70 p. 100.

**M. Gillespie:** Je voudrais me placer dans le contexte des ententes internationales sur le commerce.

Vous mentionnez dans votre mémoire que le rendement est d'environ \$300 millions par année, dont 5 p. 100 est exporté, c'est-à-dire \$15 millions. Quelle est la valeur de la machinerie importée au Canada?

**M. Lewis:** Il est très difficile d'établir ce chiffre. Pour notre industrie, nous pensons que c'est deux fois plus.

**M. Gillespie:** Environ \$30 millions.

**M. Lewis:** Non, ce n'est pas cela. Environ \$600 millions.

**M. Gillespie:** Environ \$600 millions.

**M. Lewis:** Oui.

**M. Gillespie:** Cela nous indique un peu l'ordre d'importance dont nous parlons lorsque nous considérons les ententes sur les tarifs et sur l'antidumping.

**M. Lewis:** Oui.

**M. Harkness:** Je voudrais poser une question. Est-ce que les chiffres que vous avez donnés tiennent compte de la machinerie agricole?

**M. Lewis:** Non.

**M. Harkness:** C'est ce que je pensais.

**M. Lewis:** C'est exact.

**Le président:** Avez-vous d'autres questions, monsieur Gillespie?

**M. Gillespie:** Non, monsieur le président.



[Texte]

**Mr. Hales:** Mr. Lewis, you have stated that 60 per cent of the people in your industry are subsidiaries of the United States or United Kingdom market. Any one of these may be importing and it is not likely that they are going to register a complaint about dumping if it is advantageous to them to bring it into the country. Who is going to register the complaint on dumping?

**Mr. Lewis:** Mr. Chairman, our remark there is made to show that we are vitally interested in making sure that nobody is dumping, including ourselves.

**Mr. Hales:** That may be so, but if it is a matter of dollars and cents, it is advantageous for you financially to bring it in and I would not expect you would about the dumping. Your parent organization would not want you to complain.

**Mr. Lewis:** I think that that would be an unusual situation. Our parent companies have established companies here in Canada to exploit the business here and anything that they do to dump in this market is, in the long run, against their own interest.

**Mr. Hales:** There may be occasions when it would not be.

**Mr. Lewis:** That is right. I think we are operating for the long run rather than the short term.

**The Chairman:** Have you any other questions, Mr. Hales?

**Mr. Hales:** No.

**M. Portelance:** Monsieur Lewis, vous avez mentionné que vous faites un chiffre d'affaires d'environ \$300 millions au Canada et \$600 millions avec l'importation. Alors vous faites environ le tiers des affaires de votre domaine au Canada.

Est-ce que les \$600 millions en importation sont considérés comme du dumping? Est-ce que les \$600 millions en importation comprennent des choses qui ne sont pas fabriquées au Canada ou est-ce une importation de produits semblables à ceux fabriqués au Canada?

**Mr. Lewis:** I think, sir, of the \$600 million worth of machinery that we talked about as being imported, some is of a particular style or model that people want, regardless of whether there is something similar made in Canada. There are many types of machines made and, like anything else, people have an individual preference, so for this reason, I think, \$600 million of machinery comes into Canada which is approximately the same

[Interprétation]

**M. Hales:** Monsieur Lewis, vous avez dit que 60 p. 100 des entreprises de votre industrie sont des filiales d'entreprises américaines ou anglaises. Ces entreprises peuvent importer et il ne semble pas qu'elles se plaindront du dumping si c'est à leur avantage. Qui va porter ces plaintes?

**M. Lewis:** Nos remarques indiquent que nous sommes intéressés à ce que personne ne fasse du dumping, même nous.

**M. Hales:** C'est peut-être vrai, mais en dollars, cela peut être financièrement avantageux pour vous. Je ne pense pas que vous vous plaindrez du dumping. Les compagnies centrales ne voudraient pas que vous vous plaigniez.

**M. Lewis:** Ce serait une exception. Les sociétés mères et les filiales canadiennes veulent faire des affaires au Canada. S'il y a du dumping, cela irait contre eux, à la longue.

**M. Hales:** Ce n'est peut-être pas toujours désavantageux.

**M. Lewis:** Je pense que nous travaillons à long terme plutôt qu'à court terme.

**Le président:** Monsieur Hales, avez-vous d'autres questions?

**M. Hales:** Non.

**Mr. Portelance:** Mr. Lewis, you have mentioned that you have about a \$300 million a year turnover in Canada and another \$600 million with imports. So, about one third of your business is in Canada.

Are the \$600 million in imports considered as dumping? Do the \$600 million in imports include goods which are not manufactured in Canada or do these imports represent products similar to those manufactured in Canada.

**M. Lewis:** Je pense que dans la somme de \$600 millions dont nous avons parlé pour l'importation, il y a des modèles particuliers qu'on commande, même si des choses semblables sont fabriquées ici. Il y a bien des modèles de machines et les gens ont des goûts personnels, comme pour toute autre chose. Pour cette raison, si nous importons \$600 millions de machines, je pense que c'est à peu près la même quantité qui est fabriquée au

[Text]

amount as is made in Canada. Our members make about \$300 million and there is an equal amount made by smaller companies or other companies that are not members of our Association.

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**M. Portelance:** Ce qui est importé n'est pas définitivement en compétition directe avec votre marchandise. C'est souvent un produit différent du vôtre qui est importé, un produit que vous ne produisez pas.

**Mr. Lewis:** That is correct. Sometimes it is different, but only to a small degree.

**Le président:** Avez-vous d'autres questions, monsieur Portelance?

Mr. Chambers, if any other members of your delegation wish to make further comments or reply to questions, they are very welcome.

**Mr. H. J. A. Chambers (Chairman of the Board, Fluid Power Company, Toronto):** Thank you, sir. If I might, Mr. Chairman, I would like to explain one little difference here. There is a piece of equipment known as a pavement breaker. Normally these pavement breakers use air in their operation. The question has been asked of one of our members whether or not they make electric pavement breakers to which the reply is obviously, no. We make pavement breakers, but it is possible for that pavement breaker actuated electrically to be considered not available in Canada, although the end result is identical in both cases.

**Mr. Gillespie:** I just want to clarify some of these figures, Mr. Chairman. I am a little confused about the value of production in Canada of machinery and the value of imports from abroad, so I wonder if Mr. Lewis could tell us a bit more. If I understand correctly, he said that his Association represents \$300 million and there is roughly a similar amount made in Canada which would be in other industries, specifically, agricultural, automotive, aircraft and office machinery. Is this correct?

**Mr. Lewis:** No, sir. There is an equal amount made by other companies who are not members of our Association.

**Mr. Gillespie:** I see. The \$600 million of imports would compare with what?

**Mr. Lewis:** \$600 million made in Canada.

[Interpretation]

Canada. Nous faisons environ \$300 millions, et un montant égal est produit par des petites compagnies qui ne sont pas membres de notre Association.

**Mr. Portelance:** Imported goods do not necessarily compete directly with your merchandise. It is often a product which is different from your own that is imported, a product which you do not produce.

**M. Lewis:** C'est juste. C'est parfois différent, mais seulement pour des détails.

**The Chairman:** Do you have any other questions, Mr. Portelance?

**Le président:** Est-ce que d'autres membres de votre délégation voudraient faire des commentaires? Ils sont les bienvenus.

**M. H. J. A. Chambers (Président du Conseil, Fluid Power Limited, Toronto):** Il y a une petite distinction ici. Il existe une machine pneumatique pour briser le pavé. On a demandé si on fabriquait de telles machines pneumatiques électriques. La réponse est évidemment non. Mais il est possible que ces machines électriques soient considérées comme n'étant pas disponibles au Canada, même si le résultat est le même dans les deux cas.

**M. Gillespie:** Je voudrais plus d'explications sur ces chiffres, monsieur le président. Je ne comprends pas très bien la valeur de la production de la machinerie au Canada et la valeur des importations venant de l'étranger. Je me demande si M. Lewis pourrait nous expliquer cela. Si je comprends bien, il dit que son Association représente \$300 millions et qu'autant de choses fabriquées au Canada seraient dans d'autres industries, notamment dans l'agriculture, les automobiles, les avions et l'équipement de bureaux. Est-ce juste?

**M. Lewis:** Non, monsieur. Il y a autant de machinerie fabriquée par d'autres compagnies qui ne sont pas membres de notre Association.

**M. Gillespie:** Je comprends. Les \$600 millions d'importation se comparent à quoi?

**M. Lewis:** Les \$600 millions se comparent aux \$600 millions de marchandises fabriquées au Canada.



[Texte]

**Mr. Gillespie:** I see. So we are comparing apples and apples on this?

**Mr. Lewis:** Yes.

**Mr. Harkness:** Does your Association represent oilfield equipment manufacturers who produce drilling rigs, bits, pumps and so forth?

**Mr. Lewis:** To a limited degree, sir. Some of our members make compressors and pumps.

**Mr. Hales:** How about valves?

**Mr. Lewis:** Some of them make valves.

**Mr. Harkness:** My understanding is that the bulk of this equipment is imported into Canada for which there are various reasons. To what extent, as far as your knowledge of this industry goes, does dumping affect this process?

I think the chief reasons are sort of an established supply, particularly in the United States; the difficulty of breaking into new markets along this line and things of this nature, combined with the fact that because a lot of this equipment was not made in Canada, there were no duties on it. It has been very difficult to get the people who do manufacture things, pumps in particular, to get a duty established that was reasonable as far as they were concerned.

As far as you know, to what extent does dumping enter into this picture and the difficulty of establishing that type of industry in Canada?

**Mr. Lewis:** I do not have too much personal knowledge, sir, on whether there is dumping there. I think we are working against an end-use article which comes in duty free.

**Mr. Harkness:** In many cases.

**Mr. Lewis:** Yes.

**Mr. F. W. Cranston (Vice-President, Babcock-Wilcox Canada Limited, Galt):** I would like to answer the question about pumps manufactured in Canada. I know of a company, as a matter of fact it is my own, that has a licensee with a foreign manufacturer to manufacture pumps for the oil industry in Canada and we are endeavouring to get into that business.

• 1440

**Mr. Harkness:** I know there is a British subsidiary in Calgary which has had great difficulty in regard to the matter, particularly great difficulty in getting a duty established.

[Interprétation]

**M. Gillespie:** Alors, nous comparons des pommes avec des pommes, n'est-ce pas?

**M. Lewis:** Oui.

**M. Harkness:** Est-ce que votre Association représente aussi l'équipement pour le pétrole: les pompes, etc.?

**M. Lewis:** D'une façon limitée seulement. Certaines associations membres fabriquent des compresseurs et des pompes.

**M. Hales:** Et les valves?

**M. Lewis:** Certaines font des valves.

**M. Harkness:** Je pensais que la plupart de ces machines étaient importées au Canada. Il y a certaines raisons pour cela. Dans quelle mesure y a-t-il du dumping?

Je pense que la principale raison est le fait qu'il y a suffisamment de marchandises aux États-Unis. Il est également difficile de trouver de nouveaux marchés, sans négliger le fait qu'une bonne partie de l'équipement n'était pas fabriquée au Canada et, par conséquent, qu'il n'y avait pas de droits de douane. Il était donc difficile de fabriquer des pompes et d'avoir des droits de douane raisonnables. Je me demande dans quelle mesure il y a du dumping dans ce cas et s'il est bien difficile de créer une industrie de ce genre au Canada.

**M. Lewis:** Personnellement, je ne sais pas vraiment s'il y a du dumping ici. C'est un article qui est introduit sans droit de douane.

**M. Harkness:** Dans la plupart des cas.

**M. Lewis:** Oui.

**M. F. W. Cranston (vice-président, Babcock-Wilcox Canada Limited, Galt):** Au sujet des pompes que l'on fabrique au Canada, je connais une compagnie, de fait c'est la mienne, qui détient un permis avec un producteur étranger, pour fabriquer des pompes pour l'industrie du pétrole au Canada. Nous essayons d'entrer sur ce marché.

**M. Harkness:** Je connais une filiale britannique, à Calgary, qui éprouve des difficultés à faire établir un taux de douane.



[Text]

**The Chairman:** Have you any other questions, Mr. Harkness?

**Mr. Harkness:** No, not on this topic.

**The Chairman:** Is your question a supplementary one, Mr. Flemming? Is it a related question or is it on another topic?

**Mr. Flemming:** No, it is along the same general lines.

**The Chairman:** I will recognize Mr. Danson and then you, Mr. Flemming.

**Mr. Danson:** Mr. Chairman, I would like to ask Mr. Lewis to what extent or to any extent your Association represents machine tool manufacturers?

**Mr. Lewis:** No, we do not represent machine tool manufacturers.

**Mr. Danson:** Would a high percentage of your equipment be custom built or is it of the standard range of equipment?

**Mr. Lewis:** It is probably about fifty-fifty.

**Mr. Danson:** I see. Is the import of components a factor? I see that a high percentage of the companies are owned by American or British parent companies. Do you import components to a large extent from these companies for assembly into major assemblies in Canada?

**Mr. Lewis:** It varies.

**Mr. Danson:** I see. Some of the things that have come up in our committee meetings deal with non-arm's length trading.

**Mr. Lewis:** Yes.

**Mr. Danson:** In the case of components being imported there is less opportunity for detection of dumping than there would be in a total machine.

**Mr. Lewis:** I would say, sir, that the importation of components is a very small part of our business.

**Mr. Danson:** With 60 per cent being foreign controlled, may I ask would a fair percentage of the balance of 40 per cent be under licence or is this original Canadian engineering and design?

**Mr. Lewis:** I think it would be mainly original design and mind you, in that 60 per cent, many of those work to original design, too.

**Mr. Danson:** That is interesting, yes. The point of that question was with the non-

[Interprétation]

**Le président:** Est-ce que vous avez d'autres questions, monsieur Harkness?

**M. Harkness:** Non, pas sur ce sujet.

**Le président:** Est-ce une question supplémentaire, monsieur Flemming?

**M. Flemming:** Cette question se rapporte au sujet, en général.

**Le président:** M. Danson, ensuite M. Flemming.

**M. Danson:** J'aimerais demander à M. Lewis dans quelle mesure son Association représente les fabricants d'outillage.

**M. Lewis:** Non, nous ne représentons pas l'industrie de l'outillage.

**M. Danson:** Est-ce qu'il s'agit d'appareils construits sur commande?

**M. Lewis:** C'est à peu près 50 p. 100.

**M. Danson:** Est-ce que l'importation des pièces détachées est un élément qui entre en ligne de compte? Est-ce que vous importez des pièces des compagnies étrangères pour être assemblées au Canada?

**M. Lewis:** Cela varie.

**M. Danson:** Ce sont des questions que nous nous sommes posées pendant nos séances de comité.

**M. Lewis:** Oui.

**M. Danson:** Dans le cas des pièces détachées qui sont importées, il est moins facile de détecter le dumping que lorsqu'il s'agit de machines complètes.

**M. Lewis:** Je dirais que l'importation des pièces détachées forme une très petite partie de notre commerce.

**M. Danson:** Avec 60 p. 100 de contrôle étranger, est-ce qu'une bonne partie du 40 p. 100 possède un permis ou est-ce attribuable au génie et aux plans canadiens?

**M. Lewis:** Il s'agit surtout de plans originaux. Dans ce 60 p. 100, il y en a beaucoup qui sont des plans originaux aussi.

**M. Danson:** Le but de ma question était de savoir s'il y avait un contrôle étranger et des

[Texte]

domestic control and perhaps the percentage of license arrangements, do you find this very restrictive in so far as export markets are concerned? In other words, are export markets open to you?

**Mr. Lewis:** To some extent they are. Quite a few of our members do a good export business because their products are often different from that of their parents; they are made to suit this market and they correspond with some other foreign markets.

**Mr. Danson:** Yet 95 per cent of your business is for the domestic market?

**Mr. Lewis:** Yes, as is the case with most big companies in the United States.

**Mr. Danson:** Do you find dumping a difficult thing to detect in your industry, generally speaking? From what knowledge, I may have—

• 1445

**The Chairman:** Mr. Danson, will you restrict your questions, if possible, to the first three clauses, as I suggested to the others?

**Mr. Danson:** Certainly, by all means, Mr. Chairman. Thank you very much, Mr. Lewis.

**Mr. Flemming:** My question deals with Mr. Lewis' estimate of \$600 million of imported machinery. Would he care to say what he thinks the percentage of that \$600 million would be that comes in from the United States?

**Mr. Lewis:** Mr. Chairman, in the order of 80 per cent.

**Mr. Flemming:** Do the members of your Association in Canada, Mr. Lewis, manufacture pulp and paper machinery?

**Mr. Lewis:** Yes, sir.

**Mr. Flemming:** I have been led to believe that we had to go abroad to get these large machines for making paper but from your answer I judge that is not so.

**Mr. Lewis:** I think you are right, it is not so. Over half of the paper machines in Canada have been made in Canada and I think that these are some of the finest paper machines in the world.

**Mr. Flemming:** I do not blame you and I think you are a good salesman to say so. It is a pretty poor salesman who does not speak well of his own product.

[Interprétation]

arrangements au sujet des permis. Est-ce qu'il y a des difficultés avec les marchés d'exportation? Est-ce que les marchés d'exportation vous sont ouverts?

**M. Lewis:** Dans une certaine mesure, oui. Plusieurs de nos membres font beaucoup de commerce d'exportation, parce que leurs produits sont souvent différents des compagnies mères.

**M. Danson:** Et pourtant, 95 p. 100 de votre fabrication est destiné au marché domestique.

**M. Lewis:** Comme c'est le cas pour la grande partie des grandes compagnies des États-Unis.

**M. Danson:** Est-ce que vous éprouvez des difficultés à reconnaître le dumping dans votre industrie?

**Le président:** Monsieur Danson, voulez-vous vous en tenir aux trois premières dispositions, comme je l'ai suggéré aux autres.

**M. Danson:** Certainement, monsieur le président. Merci beaucoup, monsieur Lewis.

**M. Flemming:** Ma question se rapporte à l'évaluation de \$600 millions pour les machines importées, qu'a faite M. Lewis. Est-ce qu'il pourrait nous dire quel est le pourcentage de ce \$600 millions qui vient des États-Unis?

**M. Lewis:** Monsieur le président, c'est environ 80 p. 100.

**M. Flemming:** Est-ce que les membres de votre Association au Canada fabriquent de la machinerie pour la fabrication du papier et de la pâte à papier?

**M. Lewis:** Oui, monsieur.

**M. Flemming:** Je croyais qu'on devait aller à l'étranger pour obtenir cet outillage lourd pour la fabrication du papier. Mais ce n'est pas le cas.

**M. Lewis:** Je pense que vous avez raison. Plus de la moitié des machines pour la fabrication de la pâte à papier et du papier au Canada sont fabriquées au Canada. Ce sont à peu près les meilleures machines au monde.

**M. Flemming:** Vous êtes bon vendeur! Il faudrait un mauvais vendeur pour dire du mal de son produit.



[Text]

Actually, what about sawmill machinery? Is it pretty well made in Canada, so far as you know?

**Mr. Lewis:** I do not have too much direct knowledge of it, sir. Perhaps one of the other members has as this is rather specialized machinery. There are areas in British Columbia where they make it for that class of trade and there are others here in Ontario where they make it to suit this local type of lumbering work, but a lot of it, I think, is imported machinery.

**The Chairman:** Do any of the representatives wish to comment on the question posed by Mr. Flemming?

**Mr. P. J. Slaughter (Vice-President, Machinery and Equipment Manufacturers' Association of Canada):** Mr. Chairman, I would only comment that from the amount of auxiliary equipment, such as gear units, which are supplied to sawmills, the greatest proportion of this equipment probably is designed and manufactured in Canada.

**Mr. Flemming:** I think that is all the questions I have at the moment, Mr. Chairman.

**The Chairman:** Thank you, Mr. Flemming.

**Mr. Gray:** May I ask a very brief question with respect to the comment at the end of the paragraph at the top of page 2 which states:

This is only possible when trade regulations, such as the proposed Anti-Dumping legislation, are effective in controlling unreasonable competitive pressures in the Canadian market and when Canadian manufacturers have equal opportunity to sell in the markets of other industrialized countries that are often closed to us by quotas and other non-tariff barriers.

Has your Association found in the past that amongst these non-tariff barriers has been the manner of application of laws on dumping by other countries against attempted exports of Canadian machinery to them?

**Mr. Lewis:** Sir, I think not so much on dumping, but imports. Imports come first and dumping is second.

**Mr. Gray:** I am not sure if I follow you. Are you saying that your members have run into a situation in which the country into which they wish to export their products has applied what we would consider dumping duties in a way that the Canadian firms consider unreasonable or unfair?

[Interpretation]

Que dire maintenant des moulins à scie? Est-ce que l'outillage est fabriqué au Canada, en autant que vous sachiez?

**M. Lewis:** Je n'ai pas trop de renseignements. Peut-être que d'autres membres de la délégation en ont, car c'est une machinerie spéciale. Il y a des endroits en Colombie-Britannique où on fabrique des machines pour cette industrie. En Ontario, on en fabrique aussi pour l'industrie locale. Mais je pense qu'il y a beaucoup de machines qui sont importées.

**Le président:** Est-ce que d'autres membres de la délégation auraient quelque chose à dire sur la question posée par M. Flemming?

**M. P. J. Slaughter (Vice-président, Machinery and Equipment Manufacturers' Association of Canada):** Monsieur le président, la seule chose que je pourrais dire c'est que, sur la quantité d'outillage auxiliaire qui est fournie aux scieries, une grande partie de l'équipement est probablement dessinée et fabriquée au Canada.

**M. Flemming:** Ce sont les questions que j'avais à poser pour le moment. Merci.

**Le président:** Merci, M. Flemming.

**M. Gray:** J'ai une question au sujet de la remarque au haut de la page 2. On dit:

Pour qu'il en soit ainsi, il faut que les réglementations commerciales telles que celles que contient le projet de loi anti-dumping modèrent efficacement les pressions concurrentielles abusives au Canada, et que les constructeurs canadiens soient traités sur un pied d'égalité pour vendre leurs produits dans les autres pays industrialisés, qui leur sont souvent interdits par suite de contingents et d'autres obstacles sans rapport avec le tarif.

Est-ce que vous trouvez que, dans le passé, il y avait, parmi ces obstacles sans rapport avec le tarif, l'application de règlements sur le dumping par les autres pays?

**M. Lewis:** Je ne pense pas que cela ait eu un effet sur le dumping, mais plutôt sur l'importation. L'importation passe d'abord et ensuite, le dumping.

**M. Gray:** Je ne sais pas si j'ai bien compris. Est-ce que vous voulez dire que vos membres considèrent que les autres pays imposent des mesures qui sont injustes?



[Texte]

**Mr. Lewis:** I cannot speak from actual knowledge about the dumping experience that our people have had, but we do have great difficulty in exporting to certain areas.

**Mr. Gray:** What causes the difficulty?

**Mr. Lewis:** One, sort of a closed border; two, definite preferences given to a manufacturer in that country.

**Mr. Gray:** What do you mean by a "closed border"?

**Mr. Lewis:** There are actual quotas or you do not get the opportunity to quote. If you do quote, you just put in a letter and that is it.

● 1450

**Mr. Gray:** Other witnesses before us have said that they have had instances when the products which they have attempted to export to other countries have been the subject of dumping complaints in those countries and they felt that these complaints were not fair or reasonable. The reason I asked this was I wondered if you could confirm since this legislation arises out of an international agreement—the Anti-dumping Code—signed by a large number of countries with which we trade, that the other countries have put into effect similar legislation that would mean a more consistent and fair treatment of exports? I do not mean the other industries you may have mentioned, just your own industry.

**Mr. Lewis:** I think, sir, that very few of our companies can afford to dump in another country.

**Mr. Gray:** I am not saying they are doing it willingly or consciously, I am saying that the other countries may have been the source of complaint. I am not saying you are actually doing it, but competitors in other countries have gone to the customs authorities in those countries and said, "That Canadian company actually is dumping. Kindly hold everything up until there is an investigation and impose a duty". The effect being that you, of course, were harrassed in your attempt to export in those countries. Do you run into those situations?

**Mr. Lewis:** I think, perhaps, Mr. Slaughter may be able to comment on that, Mr. Chairman.

**Mr. Slaughter:** I am afraid I cannot comment on the anti-dumping, as such. I could

[Interprétation]

**M. Lewis:** Je ne peux pas parler en connaissance de cause de l'expérience des autres personnes au sujet du dumping. Nous éprouvons beaucoup de difficultés à exporter dans certaines régions.

**M. Gray:** Quelle est la cause de cette difficulté?

**M. Lewis:** Premièrement, il y a une sorte de frontière fermée. Deuxièmement, on donne définitivement la préférence aux articles fabriqués dans ce pays.

**M. Gray:** Qu'entendez-vous par «frontière fermée»?

**M. Lewis:** Il y a des contingentements; on ne nous demande pas de faire un prix. Si on nous demande de soumettre un prix, on envoie une lettre et cela se termine ainsi.

**M. Gray:** Est-ce que vous avez eu connaissance de plaintes qu'on ait portées dans certains pays au sujet du dumping pratiqué par le Canada? Puisque cette loi ressort d'un accord international qui a été signé par un grand nombre de pays, est-ce que d'autres pays ont pris des mesures pour prévenir le dumping?

**M. Lewis:** Je pense que très peu de nos compagnies ont les moyens de faire du dumping dans les autres pays.

**M. Gray:** Je ne dis pas que cela s'est fait sciemment, mais est-ce que d'autres pays ont fait des plaintes? Est-ce que vos concurrents dans d'autres pays se sont adressé aux autorités douanières de leur pays pour se plaindre du dumping que le Canada pourrait faire? Est-ce qu'on impose une taxe et est-ce que cela nuit à vos exportations?

**M. Lewis:** Peut-être que M. Slaughter pourrait vous donner quelques renseignements.

**M. Slaughter:** Je ne peux pas parler de mesures antidumping comme telles. Je ferais

[Text]

comment if we were on the subject of other non-tariff barriers which restrict actual importation into those countries. I would add, however, that some customs personnel of other countries will pursue imports that are going into their countries with great diligence and will go through them with a fine-toothed comb. In our experience about 9 out of 10 are investigated in great detail. These are exports to the United States.

**Mr. Chambers:** Mr. Chairman, I wonder if I might comment on that. Mr. Gray, in our own cases, most of us have not had that problem because we have not had the opportunity to bid. Countries have refused permission, for one reason or another, to a Canadian company to bid on their requirements, so we do not encounter anti-dumping in that sense, we do not even get an opportunity to quote. I think probably that answers the question more specifically.

What we are concerned about here, as Canadian manufacturers, is it has been agreed that Canada will relax in the area of dumping which may be a perfectly logical thing to do, but we must recognize that in doing so we are weakening the fabric of Canada to manufacture. We cannot export because of prohibitions against us and we are lowering our borders to permit importation against us. This is our concern, as manufacturers.

**Mr. Gray:** If I may conclude, the other points that you have raised are areas for further discussion and negotiation with our trading partners. There is room for more to be done. With respect to your suggestion that we are relaxing on dumping, I do not know if I would agree with that. We may be changing our techniques, but it seems to me from the evidence before us, that there has been firm intent to be very diligent in applying the provisions of the new legislation.

**The Chairman:** Further to what Mr. Gray just said, we have now the possibility of injury to the industry which I do not think you have in the current legislation.

**Mr. Lewis:** Our great satisfaction with the current legislation was that it was a wonderful deterrent to dumping. Now, you have the opportunity to run the risk. You may be able to get that market without being caught for dumping because the question of injury is open to interpretation.

• 1455

**Mr. Gray:** The imports were not banned before. There was an opportunity for people to take the risk of escaping dumping duties

[Interpretation]

des commentaires si nous parlions d'autres obstacles sans rapport avec le tarif, qui empêchent l'importation dans ces pays. Mais, j'ajouterais que les agents des douanes des autres pays poursuivront les importations avec diligence et attention. D'après notre expérience, 9 cas sur 10 sont analysés dans tous les détails. Ceci sont des exportations aux États-Unis.

**M. Chambers:** Monsieur le président, je voudrais ajouter quelque chose. M. Gray, la plupart d'entre nous n'avons pas éprouvé ces difficultés parce que nous n'avons pas eu l'occasion d'offrir un prix. Les pays nous ont refusé la permission pour une raison ou pour une autre. Ils ont refusé de donner, aux compagnies canadiennes, la permission d'offrir un prix. Nous abaissons même pas l'occasion de faire un prix. Je pense que cela répond plus précisément à votre question.

Ce qui nous inquiète en tant que fabricants canadiens, c'est qu'on s'est mis d'accord pour que le Canada soit moins sévère dans le domaine du dumping. C'est peut-être quelque chose de logique, mais nous devons reconnaître qu'en faisant cela, on affaiblit le Canada. Nous abaissons nos tarifs pour permettre les importations et on ne peut rien faire contre les autres pays qui n'ont pas de mesures semblables.

**M. Gray:** Les autres points concernent d'autres discussions et d'autres négociations avec nos partenaires commerciaux. On peut certainement faire plus. En ce qui a trait à votre remarque sur le fait que nous sommes moins sévères sur le dumping, je ne suis pas tellement d'accord. On change peut-être nos techniques, mais, d'après les témoignages, il me semble qu'on se propose d'être ferme dans l'application des nouvelles dispositions.

**Le président:** J'ajouterai à ce que M. Gray a dit qu'il y a maintenant possibilité de préjudice envers l'industrie canadienne.

**M. Lewis:** Nous sommes satisfaits de la loi telle qu'elle existe. Elle a un pouvoir de dissuasion. Maintenant, il y a un risque. On peut entrer sur un marché sans se faire accuser de dumping, parce que la question de préjudice est sujette à interprétation.

**M. Gray:** Les importations n'étaient pas prohibées auparavant. On pouvait prendre le risque d'exporter. M. Hehner était ici l'autre



[Texte]

under the existing law through arranging their affairs so they would not be deemed to be dumping or would not be caught by the customs authorities.

Mr. Hehner who was here with us the other day gave us a brief lecture on the subject and offered to give us a more complete course in the field—nobody really took issue with him—on the opportunities under the existing laws. I do not think it is fair to suggest that the risk is non-existent under the current law, but will suddenly jump into existence with the passage of the proposed law.

**Mr. Lewis:** Sir, I am speaking about our industry. I think it is easier for the customs people to be diligent with the existing law to prevent dumping than it will be with the new one for our type of industry.

**Mr. Gray:** Will they not be as active as before in scrutinizing entries of goods and the documentation and so on? You are not suggesting that, are you?

**Mr. Lewis:** No, I would certainly hope so, but the question of degree of injury is the thing that concerns us. How much injury do we have to sustain before it can be classed as dumping?

**Mr. Gray:** This is a question we will have to develop answers for as the Tribunal operates, but as the Chairman pointed out we are soon going to look at paragraphs 4 of your brief where you point to some very significant changes in the new legislation which, I gather, you feel are very great improvements over what exists now.

**The Chairman:** Before we move to paragraph 4, are there any other questions, gentlemen, on the first three paragraphs?

**Mr. Danson:** I have one more question.

**The Chairman:** Yes, Mr. Danson.

**Mr. Danson:** It might not be too relevant to the proceedings—you may rule me out of order if you wish. Do you feel in the case of original design—original domestic design—there could be greater incentives from government to assist in tax abatement and so forth for research and engineering that is required for design of original Canadian equipment? Do you think this could be a factor in your industry?

**Mr. Lewis:** Yes, I do think so, but we make the point that we must be able to sell this in the domestic market. We must have protection in the domestic market to exploit all this research that is done.

[Interprétation]

jour et a offert de nous donner un cours plus avancé. Je ne pense pas qu'il serait juste de dire que le risque n'existe pas d'après la loi actuelle et qu'il existerait avec la nouvelle loi.

**M. Lewis:** Je parle de notre industrie. Je pense qu'il est plus facile pour les agents des douanes d'être diligents avec la loi actuelle qu'il le serait avec la nouvelle loi.

**M. Gray:** Est-ce qu'ils ne seront pas aussi diligents qu'avant dans leur examen des documents et des marchandises qui entrent? Ce n'est pas ce que vous suggérez, n'est-ce pas?

**M. Lewis:** Non. C'est la question du degré de préjudice qui nous inquiète. Quel degré de préjudice faut-il pour avoir du dumping?

**M. Gray:** Les réponses viendront avec l'expérience du Tribunal. Dans votre mémoire, vous signalez des changements très importants dans la nouvelle loi, qui, d'après vous, sont une amélioration sensible à la loi actuelle.

**Le président:** Avant d'entamer le paragraphe 4, est-ce que vous avez des questions sur les trois premiers paragraphes?

**M. Danson:** J'ai une question.

**Le président:** Oui, monsieur Danson.

**M. Danson:** Cela ne se rapporte peut-être pas au sujet à l'étude.

Dans le cas des plans canadiens, est-ce que le Canada ne pourrait pas subventionner la recherche jusqu'à un certain point? Est-ce que cela pourrait être un facteur dans votre industrie?

**M. Lewis:** Oui, je le pense, mais nous insistons sur le fait que nous devons être en mesure de vendre ce produit sur le marché canadien. Nous avons besoin de cette protection, si nous voulons exploiter la recherche.



[Text]

**Mr. Danson:** Yes, but could such assistance assist you in getting into export markets by having something that is original that your parent companies might not have? You might even license them in the cases where the company is foreign owned?

**Mr. Lewis:** Yes.

**Mr. Danson:** Thank you.

**Mr. Hales:** I have one question. In order to ask the question may I propose this condition. No doubt you import many parts which become part of a machine that you are manufacturing. You may be buying a part from a local jobber in Canada, but you find through the new tariffs and these new regulations that it is advantageous for you to import this part. You import it, you put it into this machine and it becomes lost in the machine. Nobody is going to register injury except the local man who has been supplying the part to you and he would not know anything about the injury until a long time afterwards. In view of the fact that your machines are custom built, they are for long life and you may be only making one or a few of these, by the time he realizes he has been injured and reports injury, there is no help available to him. What do we do in a case like this? Could the condition exist?

**Mr. Lewis:** It could, but salesmen are pretty adept at smelling these things out and getting them at an early stage.

**Mr. Slaughter:** Mr. Chairman, with regard to the question of detecting dumping. It may be a difference of opinion between Mr. Lewis and myself. We personally do supply a great deal of components for heavy industry and we find it extremely difficult to detect dumping particularly as Mr. Lewis has explained, the nature of the Machinery and Equipment Manufacturers' Association members' business generally tends to be custom machinery. Each one of us has lines which have become standard, but it is heavy specialized machinery. It is very difficult to deal with in terms of dumping because we are dealing with sometimes a special design for a particular kiln which is of large scale going into Canada once only; there is only one mine or one mill. It is not like a consumer product where you can gauge a change in flow of your market.

[Interpretation]

**M. Danson:** Est-ce que cela pourrait vous aider à envahir les marchés d'exportation? Pourriez-vous, par exemple, faire des recherches pour produire des marchandises qui ne sont pas fabriquées par votre compagnie-mère? Vous pourriez obtenir un permis pour ces marchandises dans les cas où la compagnie est de contrôle étranger.

**M. Lewis:** Oui.

**M. Danson:** Merci.

**M. Hales:** J'ai une question. Je voudrais poser cette condition, si vous me le permettez. Vous importez probablement un grand nombre de pièces qui entrent dans votre fabrication d'une machine. Il est possible que vous achetiez des pièces d'un fabricant local canadien, mais avec le nouveau tarif, et le nouveau règlement, vous trouvez que c'est à votre avantage d'importer cette pièce. Vous l'importez et vous l'incorporez dans la machine. Elle est perdue, pour ainsi dire, dans la machine et personne ne peut se plaindre d'être lésé excepté le fabricant local qui vous a fourni cette pièce. Il ne saura rien avant qu'une bonne période de temps soit écoulée.

Peut-être que vos machines seront fabriquées sur commande; elles peuvent durer longtemps. Vous n'en fabriquez peut-être qu'une seule. Lorsqu'il réalise qu'il a été lésé et qu'il déclare un préjudice, il n'a déjà plus de recours disponible. Que faites-vous dans un cas pareil? Est-ce que cette condition pourrait exister?

**M. Lewis:** Oui, c'est possible, mais les vendeurs sont assez habiles à détecter ces circonstances.

**M. Slaughter:** Monsieur le président, en ce qui concerne la question de repérer le dumping, il peut y avoir une différence d'opinion entre M. Lewis et moi-même. Personnellement, nous fournissons beaucoup de pièces pour la machinerie lourde. Mais nous trouvons qu'il est très difficile de détecter le dumping.

Et surtout, comme l'a expliqué M. Lewis, à cause de la nature de la machine fabriquée par les membres de notre association, il s'agit surtout de machines construites sur commandes. Ce sont des machines spéciales, de la machinerie lourde. Il est très difficile de détecter le dumping, parce qu'il s'agit parfois d'un projet spécial qui exige un grand fourneau qui ne sera importé au Canada qu'une fois; il n'y a qu'une mine ou un moulin qui s'en sert. Ce n'est pas comme un produit pour la consommation où vous pouvez changer l'afflux vers des marchés.

[Texte]

• 1500

In many cases in spite of your best efforts, you can only find, I might suspect, one-tenth of the instances where dumping has occurred. We do have instances of these but it is very difficult for us, as individual companies or as an association, to draw attention to these. This is why we hope there will be considerable diligence on the part of the authorities in spotting these themselves. As we feel, in addition, that the penalty involved makes it is a pretty good gamble to try a one-dump operation in order to get the experience of prestige which would come with supplying that kind of equipment.

Members of our Association, and our company in particular, are faced with this. We do supply our own design, our own research people to try to keep our art up to date. If we miss a few of these major contracts for equipment which is going into large-scale Canadian primary operation, as part of process equipment then we are way behind in keeping up to date with that, and with any future references both within Canada and for export work. We are at a great disadvantage. Mr. Lewis has touched on the subsequent damage of not keeping your design and your engineering knowledge up to date.

**Mr. Hales:** The one-dump factor is perhaps more important to your industry than in many others?

**Mr. Slaughter:** Yes, sir.

**The Chairman:** Have you any other questions, gentlemen, if not we will move to paragraph 4 which deals with the anti-dumping proposed draft legislation. Mr. Arthur, do you wish to make any comments?

**Mr. Arthur:** Yes, Mr. Chairman. I would like to make reference to the last paragraph on page 3 of the Association brief. In that connection I would refer to clause 3 of the proposed draft bill which does provide for the establishment of a liability to dumping for dumping at the time of sale. As I understand the paragraph it says, at the time orders are being negotiated. I think the procedure that we have here relates to the threat of injury not to threat of dumping as such. I think, if you would, Mr. Chairman, direct your attention to clause 13, you will find it spells out the terms and conditions under which an investigation by the Deputy Minister of National Revenue...

**The Chairman:** On page 48?

**Mr. Arthur:** Page 58, sir. This clause spells out the terms and conditions under which an

[Interprétation]

Souvent, en dépit des plus grands efforts, ce n'est que dans un dixième des cas qu'on peut détecter qu'il y a eu réellement dumping, et c'est extrêmement difficile pour nous ou pour notre Association d'attirer l'attention du ministère là-dessus. C'est pourquoi, nous espérons que les autorités seront de plus en plus diligentes pour repérer ces cas. Si l'on ajoute à cela la sanction qui est prévue, je crois qu'il y a de bonnes chances de réussir et d'acquérir l'expérience nécessaire.

Les membres de notre Association, notre compagnie en particulier, sont en butte à cette difficulté. C'est nous qui faisons nos propres dessins, qui dressons nos propres plans. Nous ne sommes pas à la hauteur si nous ne sommes pas prêts à préparer les machines dont l'industrie canadienne a besoin. Nous prendrons du retard tant pour le marché domestique que pour le marché d'exportation. Nous sommes sur un pied d'infériorité. M. Lewis a parlé du préjudice qui nous est causé en ce sens que nos travaux ne sont plus à la page.

**M. Hales:** Par conséquent le dumping peut avoir plus d'importance pour votre industrie que pour d'autres.

**M. Slaughter:** Oui, monsieur.

**Le président:** Y a-t-il d'autres questions, messieurs? Sinon, nous allons passer à l'article 4 qui porte sur l'antidumping. M. Arthur, avez-vous des commentaires?

**M. Arthur:** Oui, monsieur le président. Je voudrais revenir au dernier alinéa, page 3 du mémoire de l'Association. A ce sujet, je me reporterai à l'article 3 du projet de loi qui prévoit l'établissement d'une obligation au moment de la vente. Si je comprends bien cet alinéa, on dit: «au moment où les commandes sont négociées». La procédure prévue ici porte sur la menace de préjudice et non pas sur la menace de dumping en soi. Si vous voulez bien vous reporter à l'article 13, on y indique les conditions pour lesquelles une enquête par le sous-ministre du Revenu national peut...

**Le président:** A la page 48?

**M. Arthur:** Page 58. On y indique à quelles conditions une enquête peut être amorcée.



## [Text]

investigation may be initiated. It relates there to the fact that dumping has caused, is causing or is likely to cause injury. It refers to the dumping of any goods and, of course, as we have said many times, dumping is really a measurement between the normal value and the selling price.

I would like to ensure that there is not a misunderstanding here, that it is possible to initiate an investigation during negotiations. Once a contract has been signed, even if delivery is not to take place for some time in the future, it is possible to establish under this proposed legislation a liability for dumping, unlike the present legislation which requires that dumping can only be determined at the time of importation. I wanted to refer to this particular paragraph, Mr. Chairman, because I was not certain that the Association understood this point.

• 1505

**The Chairman:** Are there any comments, gentlemen, from the Association? Or any questions to Mr. Arthur, following his remarks?

**Mr. Lewis:** Mr. Chairman, I think that was our interpretation. We believe that at the time of negotiation the people will be able to consider that they are going to become liable for dumping. They will therefore hesitate to dump. Under the present law they can take the chance and three years subsequent half of us will have retired and will not be interested.

**Mr. Arthur:** Yes, Mr. Chairman, once the contract or sale has been made it is then possible under the proposed legislation to determine whether or not there is dumping.

**Mr. Hind:** Mr. Chairman, I have no comment except to draw a very definite line between liability to dumping and the actual collection of dumping duty. The actual collection of dumping duty can, of course, take place only when the goods come into Canada. The liability that we speak of means that the exporter is under notice, as is the importer, that if this transaction takes place there is a likelihood when the goods come into Canada that dumping duty will have to be collected.

**Mr. Danson:** Mr. Chairman, this brings up a point that I do not think has come up before. If I may direct my question to the officials, on losing an order on which he suspects that something might have taken place, can a complainant cause an investigation to be undertaken to actually determine prices, and to see if, in fact dumping is a factor?

## [Interpretation]

Cela porte sur le préjudice que le dumping a causé ou causera vraisemblablement, mais il s'agit là de dumping de marchandises. Évidemment, comme nous l'avons dit maintes fois, le dumping est l'écart entre la valeur normale et le prix de vente de la marchandise. Je voudrais m'assurer qu'il n'y a pas de malentendu ici, qu'il est possible d'amorcer une enquête durant les négociations, une fois qu'un contrat a été signé, même si la marchandise n'a pas été livrée et ne doit pas l'être pour un certain temps. Il est possible, au terme de ce projet de loi, d'établir une présomption de dumping, à l'encontre de la loi actuelle, qui prévoit que le dumping ne peut être établi qu'au moment de l'importation. Je voudrais me reporter à cet alinéa, en particulier, parce que je veux être sûr que l'Association comprend ce point.

**Le président:** Y a-t-il des commentaires de l'Association? A-t-on des questions à poser à M. Arthur, à la suite de ses remarques?

**M. Lewis:** C'était notre interprétation, je pense. Nous croyons qu'au moment des négociations, les gens pourront se rendre compte qu'on peut déterminer qu'il y a menace de dumping. En conséquence, ils vont hésiter à recourir au dumping. En vertu de la loi actuelle, ils peuvent courir le risque et dans trois, nous nous serons retirés, pour la plupart, et nous ne serons plus intéressés.

**M. Arthur:** Une fois que le contrat de vente est conclu, il est possible, au terme de la loi projetée, de déterminer si oui ou non il y a dumping.

**M. Hind:** Je n'ai pas de commentaires à faire, monsieur le président. Mais il faut établir une ligne de démarcation entre le danger de dumping et la perception des droits antidumping. Cette perception ne peut se faire qu'au moment de l'importation. Tandis que le danger de dumping veut dire que l'exportateur, tout comme l'importateur, sait que si cette transaction a lieu, il est probable que lorsque les marchandises entreront au Canada, les droits antidumping seront perçus.

**M. Danson:** Je ne crois que le point que je veux soulever est déjà venu sur le tapis. Lorsqu'il perd une commande, un plaignant suppose que quelque chose a dû se passer et alors, peut-il demander qu'une enquête ait lieu en vue de déterminer si un dumping est entré en ligne de compte?



[Texte]

**The Chairman:** Is it with reference to the current law or to the proposed law?

**Mr. Danson:** The proposed.

**Mr. Hind:** Mr. Chairman, as I understand the circumstances described by Mr. Danson, an investigation can indeed be initiated at that stage. The only point I was making is that this could set up a liability to dumping, but the actual collection of dumping duty would only take place if and when the goods come into Canada.

**Mr. Danson:** Yes, I understand. The point I was trying to make is that the complainant may simply suspect, he may have no idea what the price is.

**Mr. Hind:** I would have to say to that, Mr. Chairman, that one must not forget that the Deputy Minister can cause an investigation to be undertaken only when he feels there is sufficient evidence of both dumping and injury. We would expect the industry to supply us certainly with something more than the mere fact that the industry has lost an order. We would expect the industry to supply us with some reasonable information on a dumping situation being found.

**Mr. Danson:** Thank you very much.

**The Chairman:** Do you have another question, Mr. Danson?

**Mr. Danson:** Yes.

**The Chairman:** You may go ahead.

**Mr. Danson:** No, I do not have another question, I am sorry.

**The Chairman:** Mr. Arthur?

**Mr. Arthur:** Then, Mr. Chairman, moving on in the brief, on page 4, I believe that the Association in subparagraph (a) ... I have no comment on the first suggestion that goods imported, I take it, be very carefully scrutinized. The matter though that I do refer to is the one raised in the last paragraph under that subheading; the value of any reduced interest rate that is being offered by the exporting company to cover financing of the machinery or the project to which it is destined.

• 1510

Mr. Chairman, as we have discussed this matter on other occasions, it was the draftsmen's view that this particular circumstance may well be considered a compensatory arrangement under the provisions of clause 10 on the establishment of the export price. I

[Interprétation]

**Le président:** Sous la loi actuelle ou la loi projetée?

**M. Danson:** Sous la loi projetée.

**M. Hind:** Si je comprends bien, dans les circonstances auxquelles réfère M. Danson, une enquête peut être amorcée à ce moment-là. Tout ce que je voulais dire, c'est que cela pourrait établir une présomption de dumping, mais que la perception des droits antidumping n'aura lieu que si les denrées sont importées au Canada.

**M. Danson:** Oui, je comprends. Le point que je voulais faire ressortir, c'est que le plaignant peut simplement avoir des doutes, mais n'avoir aucune idée du prix.

**M. Hind:** A ce sujet, il ne faut pas oublier que le sous-ministre peut faire entreprendre une enquête seulement lorsqu'il estime qu'il y a assez de preuves de dumping et de préjudice. Et nous attendons que les industries nous fournissent plus que les simples faits que l'industrie a perdu une commande. Il faudrait qu'elle nous donne des renseignements assez sûrs quant à l'existence de dumping.

**M. Danson:** Merci beaucoup.

**Le président:** Avez-vous d'autres questions, monsieur Danson.

**M. Danson:** Oui.

**Le président:** Allez-y.

**M. Danson:** Non, je n'ai pas d'autres questions.

**Le président:** Monsieur Arthur?

**M. Arthur:** Passant à la page 4 du mémoire de l'Association, au sous-paragraphe (a), je n'ai pas de commentaires à faire sur la première proposition, à savoir que les biens importés doivent être soigneusement examinés. Ce à quoi je veux m'arrêter, c'est un point que l'on soulève au dernier alinéa de cette rubrique, la valeur de tout taux d'intérêt réduit qui est offert par la compagnie exportatrice, pour financer la machinerie ou le projet auquel elle est destinée.

Nous avons déjà discuté ce point en d'autres occasions. Le légiste était d'avis que dans cette circonstance particulière, on peut juger qu'il y a arrangement compensatoire au terme de l'article 10 qui porte sur le prix d'exportation. Si les circonstances sont connues, on

[Text]

think if the circumstances are known, it may well be considered in that light, in other words, as a compensatory arrangement.

Mr. Chairman, as I mentioned previously, this is a matter which the draftsmen are looking at, and we will have further comments to make to the Committee at a later date.

**The Chairman:** Have you any other questions, gentlemen, on paragraph 4. Yes, Mr. Hales.

**Mr. Hales:** I have one. Halfway down the paragraph, referring to normal value, it is stated:

Despite these clear terms, there may still be a considerable range for interpretation or error.

Mr. Lewis, would you like to give us a few examples of what you have in mind there?

**Mr. Lewis:** Mr. Chairman, the question of specifications may be very broad, and you may apply big differences for small components that are part of the machine.

**Mr. Hales:** That is the only one you have in mind?

**Mr. Lewis:** Yes.

**The Chairman:** All right. Have you any other comments to make, Mr. Arthur?

**Mr. Arthur:** Not on subparagraph (a).

**The Chairman:** No, do you have any comments to make on paragraph 4.

**Mr. Arthur:** Well in subparagraph (b) of paragraph 4, Mr. Chairman, on page 5, the Association refers to the dumping of the machinery that is, I take it, not made in this country. Is "not", may I ask, intended to be in there, or does "made in this country" create injury or threat of injury?

My only comment here, Mr. Chairman, is that if the Deputy Minister of National Revenue refers an importation to the Tribunal it will be for the Tribunal to determine whether or not there has been injury. I would like, Mr. Chairman, to ask the Association if their suggestion here is that the dumping of any machinery that is made in this country creates injury or threat of injury?

**Mr. Lewis:** Mr. Chairman, I am not sure that I understand the question properly.

**Mr. Chambers:** I wonder, Mr. Chairman, if we might have a little clarification on the question. From our point of view, as manufacturers, any machine that is dumped in this

[Interpretation]

pourra considérer la cause sous cet angle. J'ai déjà dit que c'est une question qu'étudient les légistes et que nous aurons d'autres commentaires à faire au Comité à ce sujet plus tard.

**Le président:** Y a-t-il d'autres questions, messieurs, au sujet de l'article 4? Oui, monsieur Hales.

**M. Hales:** Vous dites quelque part au sujet de la valeur normale:

Malgré sa clarté, cette définition permet des variations considérables dans les interprétations ou les marges d'erreurs.

Qu'est-ce que vous voulez dire exactement?

**M. Lewis:** Monsieur le président, la question des devis est passablement large. Il peut y avoir de grandes différences pour de petites pièces de machines.

**M. Hales:** C'est le seul exemple que vous avez à l'esprit? Merci.

**M. Lewis:** Oui.

**Le président:** Très bien. Avez-vous d'autres commentaires, monsieur Arthur?

**M. Arthur:** Pas sur le sous-paragraphe (a), je veux...

**Le président:** Non, je veux dire le paragraphe 4.

**M. Arthur:** Au sous-paragraphe (b) de l'alinéa 4, monsieur le président, page 5, l'Association parle du dumping de machinerie qui n'est pas fabriquée au pays. Puis-je demander si le mot «pas» doit être là ou est-ce que «fabriqué au pays» peut causer un préjudice ou être une menace de préjudice?

Si le sous-ministre veut parler de l'importation, ce sera au Tribunal de déterminer s'il y a eu préjudice. Je voudrais demander à l'Association si ce qu'elle suggère ici, est que le dumping de toute machine fabriquée au Canada constitue une menace de préjudice ou un préjudice.

**M. Lewis:** Je ne sais pas si je comprends bien la question.

**M. Chambers:** On pourrait peut-être donner certains éclaircissements là-dessus. De notre point de vue, à titre de fabricants, toute machine, qui entre en dumping au Canada et



[Texte]

country resulting in the loss of an order to one of our members is imposing injury on that member. It is also possible that it will be working a great hardship on the employees of that company as well. Now, if the instance to go beyond that type of injury to explain to the Tribunal what we mean by injury, we are somewhat at sea.

• 1515

**Mr. Arthur:** Mr. Chairman, in the proposed legislation there is no definition of injury. In the Code there are certain indices which are suggested for the measurement of injury, but as this is a matter of fact, it will have to await the decision of the Tribunal on cases that are referred to that body.

**The Chairman:** Mr. Lewis?

**Mr. Lewis:** Mr. Chairman, I think what we are trying to say here is that some machines are only ordered once a year, perhaps once every two years, and if we lose that order because someone dumps against us this is injury.

**Mr. Hind:** Mr. Chairman, I am sure it is well known to everyone here that the Code and the law do not speak of injury, they speak of material injury. While I have every sympathy and respect for the position of our friends, one must ask himself whether one dump constitutes material injury to an industry, not to an individual company, but to an industry. I just offer this by way of comment. I am frightened a little bit when one says that the loss of one order, that can be filled by a Canadian company, brings into being the collection of dumping duty. This frightens me.

**The Chairman:** As was suggested this morning?

**Mr. Hind:** Yes, sir.

**Mr. Lewis:** If I may comment, some of these one orders mean employment for 200 or 300 people for a year.

**Mr. Hind:** Mr. Chairman, as I said, I have particular sympathy for the group appearing before us today, but this is not the first time that a suggestion of this kind has been made. It has been made by the textile industry, and in my view, the importation of one dozen towels is not going to materially injure the Canadian textile industry.

**Mr. Chambers:** I wonder if I might expand on this a little bit, Mr. Chairman, to give an appreciation of the type of industry that we as members represent. The size of the orders

[Interprétation]

qui fait subir la perte d'une commande à un de nos membres, porte préjudice à ce membre. Il est possible aussi que cela nuise aux employés de cette compagnie également. Si le préjudice doit aller plus loin, s'il faut expliquer au Tribunal ce que nous entendons par préjudice, nous ne savons trop à quoi nous en tenir.

**M. Arthur:** Monsieur le président, dans le projet de loi, il n'y a pas de définition du mot «préjudice». Dans le code, il y a certains indices ou certaines normes, permettant d'évaluer la gravité du préjudice, et comme si c'est une question de fait, il faudra attendre la décision du Tribunal sur les cas qui lui sont référés.

**Le président:** Monsieur Lewis?

**M. Lewis:** Ce que nous voulons dire, ici, c'est que certaines machines ne sont commandées, par exemple, qu'une fois par année ou une fois tous les deux ans. Et, si nous perdons cette commande parce que quelqu'un pratique le dumping, il nous cause du préjudice.

**M. Hind:** Monsieur le président, tout le monde sait, ici, j'en suis sûr, que le Code et la loi ne parlent pas simplement de préjudices, mais de préjudices appréciables. J'ai toute la sympathie et le respect pour l'attitude de nos amis, mais nous devons nous demander si un cas de dumping cause préjudice appréciable à toute une industrie, non à une seule compagnie.

On ne saurait dire que la perte d'une commande par une compagnie canadienne devrait donner lieu à la perception de droits de dumping, mais j'ai peur qu'on le dise.

**Le président:** C'est-à-dire ce qu'on a avancé ce matin?

**M. Hind:** Oui, monsieur.

**M. Lewis:** Certaines de ces commandes d'une unité veulent dire de l'emploi pour 200 ou 300 employés pendant un an.

**M. Hind:** J'ai toute la sympathie du monde pour le groupe qui comparait devant nous, aujourd'hui. Ce n'est pas la première fois qu'on nous présente cette suggestion, elle a déjà été faite par l'industrie du textile. Et, à mon avis, l'importation de 12 serviettes ne nuira pas d'une manière appréciable à l'industrie canadienne du textile.

**M. Chambers:** Je crois que je vais m'expliquer un peu, pour indiquer le type d'industrie que nous représentons, ici. L'importance des commandes que nos membres reçoivent est



*[Text]*

that our members receive in some of their work are so large that there are only two or three of our members who would be engaged in producing that type of machinery competing with one another. This is so to the extent that any large order extending over a period of two or three years, as some of them do, impairs the well being of one-third of that particular segment of the industry.

Now it is not like so many towels that one has lost temporarily; it is a major part of an enterprise that one has lost. If it happens to be at the peak of your busy period and you run into a slump, as we do periodically in the machinery industry, it can be of long duration, the impact of the loss of that order from dumping. I think this is the difference between our industry generally and many other industries that I am sure have made representations before this Committee.

**The Chairman:** Did you make an indication that you would like to comment, Mr. Arthur?

**Mr. Arthur:** No.

**Mr. Gray:** First of all, Mr. Chairman, I would like to know if the delegation is asking that injury be defined in very precise and specific terms in the legislation. Do they really want that? Could I hear from the delegation?

**Mr. Lewis:** Mr. Chairman, I am not sure. Material injury has bothered us.

**Mr. Gray:** Has what?

**Mr. Lewis:** Has bothered us as to what it means. We think that the determination of injury is going to be on a fairly sensible basis, but we have seen other, shall we say, loopholes or variations in the tariff work very much against our industry.

**Mr. Gray:** I gather from what you say that you would not be happy to find injury or material injury defined in a precise and specific way in the tariff in the same way that other terms have been defined in the tariff, and interpreted in a legalistic way and in a manner that has not been to the satisfaction of your industry. Is that not what you are saying?

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**Mr. Lewis:** I think we are saying we want material injury to be determined on the basis of the actual cost in employment and in loss of business to the machinery manufacturing industry.

*[Interpretation]*

tellement importante que seulement 2 ou 3 de nos membres peuvent produire, fabriquer ce genre de machines. Ils sont seuls à se faire concurrence l'un à l'autre, de sorte qu'une commande qui peut s'étendre sur 2 ou 3 ans peut compromettre le bien-être de tout ce secteur de l'industrie.

On ne peut comparer cette situation à la perte d'une commande d'une douzaine de serviettes: il s'agit d'une entreprise qui est menacée de disparaître. Supposez que cette perte se produise au cours d'une période de grande activité, et qu'il y ait ensuite relâchement dans l'activité, comme c'est souvent le cas dans notre industrie; ce relâchement peut durer longtemps et la perte de cette commande peut vouloir dire beaucoup pour nous. C'est la différence entre notre industrie et plusieurs autres qui soumettent des observations, également, au Comité.

**Le président:** M. Arthur a semblé vouloir dire qu'il aurait des commentaires à faire?

**M. Arthur:** Non.

**M. Gray:** Je voudrais savoir si l'on demande que le mot «préjudice» soit défini; est-ce ce que vous voulez? Un délégué pourrait-il nous le dire?

**M. Lewis:** Monsieur le président, je ne suis pas sûr. Le mot, ... cette notion de préjudice nous inquiète...

**M. Gray:** Vous quoi?

**M. Lewis:** Nous inquiète, car nous ne savons pas exactement ce que cela veut dire. Nous voulons bien croire que l'on reconnaîtra le préjudice d'une manière adéquate, mais nous avons vu bien d'autres échappatoires qui sont au désavantage de notre industrie.

**M. Gray:** D'après ce que vous avez dit, vous ne seriez pas très heureux de trouver «préjudices» ou même «préjudices matériels» précisément définis quant aux tarifs, comme on le définit dans le tarif d'autres termes le sont et comme ils sont interprétés de façon juridique, c'est-à-dire d'une façon qui n'est pas satisfaisante pour vous. Est-ce bien ce que vous dites?

**M. Lewis:** Nous voulons que le préjudice matériel soit défini d'après la diminution de l'emploi, et d'après la perte des commandes pour l'industrie de fabrication des machines.

## [Texte]

**Mr. Gray:** It seems to me, Mr. Chairman, having a Tribunal which can deal with questions of definition of injury and which as it operates will in effect establish ground rules—we may not want to call them precedents, but certain ground rules—is a scheme or an approach designed to deal with things, which I suspect the delegation wants dealt with, in a common sense businesslike way.

In fact other delegations that appeared before us from secondary manufacturing in Canada have said they are glad that there has not been an attempt to define injury or material injury in a precise fashion in the draft Bill.

I gather from what you say that you have had an unfavourable experience in an attempt to interpret a precise term in the customs tariff in the past, and you might not be happy to find a similar attempt made with respect to the term "material injury" in this draft Bill.

**Mr. Slaughter:** Mr. Chairman, may I comment on that? I think we have two questions here which concern us very much. One is the reference you make to specific injuries. If they were spelled out I think we would have to agree that this would present greater problems. We would like the administration to be free to interpret these in a common sense manner. The prior question, or tied in with this, was the reference to one dump situations. This probably gives us even more concern.

**Mr. Gray:** Well it would seem to me that Mr. Hind was looking at this in terms of conditions in one industry and you are looking at this in terms of conditions in another. I note that in clause 4 of the draft Bill on page 44 it says:

There shall be levied, collected and paid upon all dumped goods entered into Canada

(a) in respect of which the Tribunal has made an order of finding, after the entry of the goods, that the dumping of the goods or of goods of the same description (i) has caused material injury to the production in Canada of like goods, or

(ii) would have caused material injury to such production except for the fact that provisional duty was applied in respect of the goods, and...

Now it seems to me this is a practical matter. If the machinery in question represents an order of such a size and such importance as would seem to be the case in the example given by the gentleman at the end of the

## [Interprétation]

**M. Gray:** Je pense, monsieur le président, qu'un tribunal qui étudie les définitions de préjudice, en viendra à établir des règles de base. A mon avis, cette façon de procéder est réaliste, et c'est une bonne approche pour étudier ce qu'on veut étudier, et pour l'étudier d'une façon ordonnée.

D'autres délégations qui ont comparu ici, venant des industries du secteur secondaire du Canada, ont dit qu'elles étaient très contentes qu'on n'ait pas essayé de définir «préjudices sensibles» de façon précise, dans le projet de loi.

D'après ce que vous dites, je soupçonne que vous ayez eu des expériences malheureuses en essayant d'interpréter un terme de la loi des douanes, et vous n'aimeriez pas que la chose se reproduise dans ce cas-ci avec le terme «préjudice sensible».

**M. Slaughter:** Deux questions, à ce sujet, nous intéressent au plus haut point. D'abord, vous avez parlé de préjudices précis. Il faut reconnaître que, si on les énumérait, cela présenterait de plus grands problèmes encore. Nous aimerions que le gouvernement soit libre de les interpréter avec bon sens.

L'autre question, c'est la référence à un cas de dumping; cela nous inquiète encore plus.

**M. Gray:** Monsieur Hind étudie les conditions d'une industrie et vous, vous considérez les conditions d'une autre industrie. A l'article 4 du projet de loi, page 44, on dit que:

Il est levé, perçu et payé sur toutes les marchandises sous-évaluées entrées au Canada a) pour lesquelles le tribunal a rendu une ordonnance ou pris des conclusions, après l'entrée des marchandises, portant que le dumping des marchandises ou de marchandises de la même sorte, (i) a causé un préjudice sensible à la production au Canada de marchandises semblables, ou (ii) eût causé un préjudice sensible à une telle production n'eût été le fait qu'un droit temporaire était appliqué pour les marchandises, etc...

Si la machinerie dont il est question, représente une importance aussi grande que le prétend le monsieur assis à l'extrémité de la table, cela représente une bonne partie de la production de ce genre de marchandise, au



[Text]

table, it would represent a sizable proportion of the production of that type of goods in Canada. That is something we should not overlook. It may be that each of these gentlemen are looking at things from the point of view of their own firm and I think that is normal way to do it.

It also may mean that looking at the situation from the point of view of the industry, that it also covers a sizable proportion of the production of like goods in the industry. So you come out in the same place.

I can see what Mr. Hind may have been driving at, but I think you will agree that the importation of 12 towels, and the production of several huge specialized machines, which may form a sizable proportion of the entire production of those machines in Canada for the year are not exactly the same thing.

**Mr. Hind:** Mr. Chairman, that is what I had in mind when I said I had particular sympathy for this group. Indeed, if we are talking about equipment that may be worth several hundred thousand dollars or one million dollars, I must confess I do not know what you people do manufacture. You say you do not make machine tools and I did not know whether you meant you do not make tools for machines, or whether you do not make machines that are used in milling and boring and drilling and so on. I had gathered that you do make milling machines, drilling machines and boring machines and so on, but I could be wrong here.

**Mr. Arthur:** Mr. Chairman, if the importation, to which the association has referred, is dumped and is considered to be massive in relation to the industry as such, then under clause 5 of the proposed legislation it may be possible to assess dumping duty providing, of course, there is the determination of injury against the importation in question.

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In other words, if the Deputy Minister's summary of determination is made within 90 days, the Tribunal according to the proposed legislation is required to make its order or finding within 90 days. Putting these two together makes a retroactive 180 days, and if the importation you spoke about is massive, it could be caught under clause 5 of the proposed legislation. The point I really want to make, Mr. Chairman, is that in all circumstances this matter of a free dump may not apply.

**Mr. Danson:** Mr. Chairman, my question was really to bring this into focus and per-

[Interpretation]

Canada. Et, ce n'est pas négligeable à mon avis. Je suppose que chacun de ces messieurs considère la chose du point de vue de sa propre entreprise, et cela est normal. Mais, si on étudie le point de vue de l'industrie, cela représente une bonne proportion de la production de produits similaires dans cette industrie. Le résultat est donc le même.

Je vois où M. Hind voulait en venir, mais l'importation d'une douzaine de serviettes ne peut se comparer à la production de plusieurs énormes machines qui représentent une grande partie de la production de ces machines au Canada pendant un an.

**M. Hind:** C'est à cela que je songeais lorsque j'ai dit que je sympathisais avec ce groupe, en particulier. Vous parlez d'équipement, qui vaut peut-être des centaines de milliers de dollars ou des millions de dollars, mais je dois avouer que je ne sais pas exactement ce que vous fabriquez. Vous dites que vous ne fabriquez pas de machine-outils.

Je me demande si vous ne faites pas des outils pour les machines ou si vous ne fabriquez pas des machines à creuser, à miner ou à forer. Si j'ai bien compris, vous faites des foreuses et d'autres machines du même genre; mais, je peux me tromper.

**M. Arthur:** Monsieur le président, si l'importation dont l'Association a parlé, va contre la loi sur le dumping, et qu'elle représente une grande quantité comparée à la production de l'industrie comme telle, dans ce cas, conformément à l'article 5 du projet de loi, il est possible d'imposer des droits de dumping, à condition, bien sûr, que l'on prouve le préjudice au sujet de ces marchandises importées.

En d'autres termes, si on établit qu'il y a dumping, si le sous-ministre établit ce fait en moins de 90 jours, le Tribunal doit rendre ordonnance ou prendre conclusion dans les 90 jours qui suivent. Ainsi, il y a donc une rétroactivité de 180 jours et s'il s'agit d'importations massives, cela relève de l'article 5 du projet de loi, en vertu duquel on peut imposer des droits antidumping. Voici ce que j'ai à dire, monsieur le président: La question de dumping libre ne s'applique peut-être pas dans tous les cas.

**M. Danson:** Monsieur le président, voilà justement ce que je voulais replacer dans sa



[Texte]

spective. With the fear of being a little bit redundant, but perhaps being a little more explicit, I have been looking over the names of these companies, and I would like to ask perhaps each witness individually what his large sized order is in dollar volume. Mr. Lewis, what type of big machinery do you make?

**The Chairman:** Do you not think, Mr. Danson, that it will be up to the Tribunal to size that up?

**Mr. Danson:** Yes, but I think we are missing a point here. Perhaps I can answer my own question. You make rolling mills and things like that, do you not Mr. Lewis? Do you make heavy equipment for steel mills and pulp and paper mills?

**Mr. Lewis:** Yes, our industry looks after the heavy primary and secondary industry. We make things like boilers, compressors, pumps and paper machines, gear units, rolling mills, hydro electric turbines and things like that.

**Mr. Danson:** Is a single order for several hundreds of thousands of dollars unusual in your type of business and also in the business of other people who are represented here today?

**Mr. Lewis:** No.

**Mr. Danson:** Even Mr. Slaughter, whose unit of sale might not be so high, might supply, I suggest, a number of units to a specific plant or mill that might represent several hundreds of thousands of dollars and employ very many people for a long period of time. Is this so?

**Mr. Slaughter:** May I answer that? There are other members who will speak to particular equipment. We personally supply from, as it were, \$50 to \$500,000. We do, I think, perhaps represent a broader view of it, because we supply components as well as designed equipment. However, as Mr. Lewis has stated this is not the machine tool industry, it is the process equipment primarily for the primary industry and for major secondary industries.

This may involve making to someone's drawing, or it may be designing complete units, say 30-ton units, for a particular application, usually to do with our major industries. I think, that we represent here the heavy equipment industries, not the machine tool industry. A description of a machine is rather difficult as we have found lately in trying to define machinery for the Kennedy Round. This is our problem. We are dealing

[Interprétation]

vraie perspective. Peut-être y a-t-il un peu de répétition mais nous devons être plus explicites. Lorsque je regarde la liste des noms de ces compagnies, je voudrais demander à chacune de ces compagnies quel est le montant d'une grosse commande. Quelles sortes de machines ou de pièces fabriquez-vous, monsieur Lewis?

**Le président:** Ne pensez-vous pas, monsieur Danson, que c'est au Tribunal d'évaluer cela?

**M. Danson:** Oui, mais je pense qu'on oublie quelque chose, ici. Peut-être puis-je répondre à ma propre question? Vous fabriquez de la machinerie pour les aciéries, pour les moulins à papier, n'est-ce pas, monsieur Lewis?

**M. Lewis:** Monsieur le président, notre industrie s'occupe des machines pour l'industrie du secteur primaire et secondaire, pour les papeteries, les pompes, les rouleaux, les turbines hydro-électriques et autres choses du même genre.

**M. Danson:** Recevez-vous parfois des commandes représentant des centaines de milliers de dollars? Est-ce habituel, ou est-ce exceptionnel?

**M. Lewis:** Non, ce n'est pas exceptionnel.

**M. Danson:** Monsieur Slaughter, vos ventes ne sont peut-être pas aussi élevées, mais certaines de vos commandes peuvent probablement représenter des centaines de milliers de dollars, et de l'emploi pour beaucoup de gens pendant de longues périodes de temps? N'est-ce pas?

**M. Slaughter:** Puis-je répondre à la question? Il y en a qui fabriquent des équipements spécialisés. Dans notre cas, nous fournissons de l'équipement allant de \$50 à un demi-million de dollars. Nous représentons, peut-être, un plus grand échantillonnage, parce que nous vendons les composantes et les ensembles. C'est de l'équipement fabriqué pour l'industrie du secteur primaire et secondaire. Parfois nous suivons les devis qui ont été préparés par d'autres ou, encore, nous concevons des unités tout entières qui s'appliquent à des cas particuliers, pour nos grandes industries.

Ici nous représentons les industries d'équipement lourd et non pas les industries d'outils. La description de machinerie est difficile à trouver, comme nous l'avons constaté lors des négociations du Kennedy Round. Voilà notre problème. Nous travaillons dans un

## [Text]

with items which, if you are excluded, even as a gear manufacturer supplying a kiln or a heavy milling operation which may be at the vanguard of technology on this, say, for instance, pelletizing. If you are not supplying gear units for those units, which may need special design originally, then you could easily find yourself excluded from the second time around and almost certainly excluded for any chance of export.

## [Interpretation]

domaine dans lequel, si vous êtes exclus, même en tant que fabricant d'engrenages à l'intention de meules ou d'une grosse machine de broyage, qui peuvent être à l'avant-garde de la technologie dans le domaine, par exemple, de la mise en boulettes, si vous ne fournissez pas les engrenages nécessaires pour ces éléments, qui peuvent demander une conception spéciale, vous risquez fort de vous trouver exclus et de ne pas recevoir d'autres commandes, et vous perdez certainement toute chance d'exporter vos produits.

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**Mr. Danson:** Thank you, Mr. Slaughter. I am trying to bring out the scale and the size of equipment that your companies manufacture. Without prying could Mr. Cranston give us an example of the scale of the stuff we are talking about. It is quite like a kettle of fish.

**Mr. F. W. Cranston (Vice-President, Babcock-Wilcox Canada Limited, Galt):** The boiler industry, which I represent, is of a nature that is very cyclical and it has been that way ever since it was started. So if we happen to lose an order which can represent hundreds of thousands or even millions of dollars, it makes quite an impact to an industry such as ours, and that has happened. In 1967, to just round out this discussion we are having now, Canada itself lost, not only in boiler equipment, but in pulp and paper machinery large equipment, in the neighbourhood of \$50 million to \$60 million due to conditions which deprived the Canadian manufacturer from quoting.

In one instance where the Canadian manufacturer was asked to quote the equipment was purchased from overseas, not because of price, as I understand it, but because of other considerations. Now that is a great loss, particularly to the boiler industry in this country, because their biggest field is the pulp and paper and utilities; those two markets alone in the large boiler field. We all know what the state of the pulp and paper industry was in this last year when there was very little purchase. As a result, the manufacturers of large equipment of that nature were deprived and are operating at a low point in their cycle, right in 1968. We want to ensure that we have the privilege of quoting on equipment for Canadian jobs that are financed outside of Canada. We have met that condition, where the Canadian manufacturer has not been allowed to quote on equipment for Canadian projects.

**M. Danson:** Merci, monsieur Slaughter. J'essaie de connaître l'échelle et la taille des machines que fabriquent vos sociétés. Je ne voudrais pas être indiscret, mais M. Cranston pourrait-il nous donner un exemple de l'échelle de ce genre de production? Je n'arrive vraiment pas à m'y retrouver.

**M. F. W. Cranston (Vice-président de la Babcock-Wilcox Canada Limited de Galt):** L'industrie des pâtes et papiers et les services est de nature très cyclique, et cela a toujours été la même chose. Alors, si nous perdons une commande qui peut représenter des centaines de milliers ou même de millions de dollars, cela a énormément d'influence sur une industrie comme la nôtre, et cela s'est d'ailleurs déjà produit. En 1967, le Canada a perdu, non seulement pour les chaudières, mais aussi pour l'équipement lourd d'industrie de pâtes et papiers entre 50 et 60 millions de dollars à cause d'une situation qui empêchait les fabricants canadiens de donner leurs prix.

Dans un cas, on avait demandé à un fabricant canadien de donner ses prix, mais l'équipement avait été acheté à l'étranger—non pour une question de prix, mais pour d'autres raisons. Cela représente une lourde perte, en particulier pour l'industrie canadienne des chaudières, car leurs plus gros clients sont l'industrie des pâtes et papiers et les services publics—ces deux marchés seuls dans l'immense domaine de l'industrie des chaudières. Nous savons tous dans quel état était l'industrie des pâtes et papiers l'an dernier, où les achats ont été très limités. Par suite de cette situation, les fabricants d'équipement lourd ont été privés de leurs marchés, et aujourd'hui, en 1968, leur exploitation en est toujours à un point bas du cycle. Nous voulons être sûrs que nous pourrions donner nos prix pour l'équipement destiné à des entreprises canadiennes financées à l'extérieur du Canada. Il s'est déjà produit que les fabricants canadiens n'aient pas même la chance de donner leur prix pour du matériel destiné à des entreprises canadiennes.



[Texte]

**Mr. Danson:** Is this a dumping consideration though...

**Mr. Cranston:** We do not know. We were not even asked to quote.

**Mr. Danson:** The point I am really trying to get at is that if one were to lose business as a result of a competitive situation one has sympathy. If one loses it because of a dumping situation, and material injury is certainly something that must be determined here, then it requires more than sympathy. It might not even materially injure. Perhaps this is something that I should bring up later, but if I could pursue it...

**The Chairman:** But that does not change the fact, Mr. Danson, that it would be up to the Tribunal to assess all those facts, and to make a decision on whether there was material injury to the industry.

**Mr. Danson:** Yes, but I would assume there are going to be some guidelines that will perhaps come out of our deliberations.

**The Chairman:** I do not know if there will be any guidelines, but we were told that it will be up to the Tribunal more or less to make their guidelines. Am I correct, Mr. Arthur?

**Mr. Arthur:** Yes, sir.

**The Chairman:** I am sorry, Mr. Danson, will you complete your line of questioning?

**Mr. Danson:** Well, it was really to determine—I am just suggesting, frankly—that a company may not be injured by not receiving a \$2 million order, but it is one of the opportunities for growth that we have in this country that we have to take every advantage of we can. An injury, a material injury, might not be done. The company still keeps on growing at its 10 per cent a year, or it could be growing perhaps at 50 per cent a year. I think we should look forward to opportunities involved here.

**Mr. Lewis:** You asked if this was a form of dumping. We think perhaps it is. Let us assume that this boiler is worth a million dollars and represents 10 per cent of the total capital investment of that project. The foreign manufacturer may be able to say: "Well, I will give you interest at 5½ per cent on the project if you will buy this million dollar boiler from me." Now this drops the price of the boiler in respect of the Canadian competition by a terrific amount.

[Interprétation]

**M. Danson:** Est-ce une question de dumping?

**M. Cranston:** Nous ne savons pas. On ne nous demande même pas de faire une offre.

**M. Danson:** Voici à quoi je veux en venir. Si vous perdez des commandes à cause de la concurrence, on vous plaint. Mais si vous les perdez à cause du dumping, et il faut alors, assurément, déterminer s'il y a eu préjudice important, on doit alors faire plus que vous plaindre. Il pourrait même ne pas y avoir eu de préjudice important. Je devrais peut-être réserver cette question pour plus tard, mais si je pouvais...

**Le président:** Mais cela, monsieur Danson ne change rien au fait que ce serait au Tribunal à évaluer tous ces faits et à décider s'il y avait eu préjudice important pour l'industrie en cause.

**M. Danson:** Non, mais je pense qu'il y aura des directives, qui seront peut-être établies d'après nos délibérations.

**Le président:** On nous a dit que ce serait au Tribunal à énoncer ces directives. Est-ce exact, monsieur Arthur?

**M. Arthur:** Oui, monsieur.

**Le président:** Excusez-moi, monsieur Danson. Voulez-vous continuer à poser vos questions?

**M. Danson:** En fait, je voulais établir—ce n'est qu'une opinion, à vrai dire—qu'une entreprise ne souffre peut-être pas du fait de ne pas recevoir une commande de 2 millions de dollars, mais il nous faut, dans ce pays, saisir toutes les occasions possibles d'expansion. Il se peut que l'entreprise ne subisse pas de préjudice important. Elle continue à s'accroître au rythme de 10 p. 100 par an, mais ce rythme pourrait peut-être être de 50 p. 100 par an. Je crois que nous devrions espérer les occasions qui se présentent ici.

**M. Lewis:** Vous avez demandé si c'était une forme de dumping. Nous pensons que c'est peut-être le cas, en effet. Supposons que telle chaudière vaut un million de dollars et représente 10 p. 100 du total des frais d'immobilisation de telle entreprise. Il se peut que le fabricant étranger dise: «Je vous donnerai 5½ p. 100 d'intérêt sur cette entreprise si vous m'achetez cette chaudière d'un million de dollars». Donc, cela fait baisser considérablement le prix de la chaudière, en ce qui concerne la concurrence canadienne.

[Text]

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**Mr. Danson:** Yes, I think we have dealt with that, however, in the compensatory arrangements clause.

**Mr. Hales:** Mr. Chairman, these are matters that are non-tariff barriers which we are really not dealing with in this anti-dumping legislation. So we can get this into perspective and follow through the line that Mr. Danson was proceeding with, suppose I am a purchaser and I want to buy a hydraulic press. I go to a Canadian manufacturer and he quotes me \$100,000, and I only buy one every 20 years. It may have a 20 year lifetime. The Canadian price is \$100,000, and I get a price from, we will say, an American manufacturer for \$80,000.

Under this present legislation, as I understand it, the minute that you lose that order you will say: "Now, there is dumping here". You will alert the Department and register your complaint about dumping, keeping in mind that the dumping can take place at the order negotiating stage. The Department and the Deputy Minister could lay a charge of dumping at the order negotiating stage on the American—

**Mr. Gray:** Not a charge, it is not criminal proceeding.

**Mr. Hales:** Well, lay—not a charge—

**Mr. Gray:** An investigation.

**Mr. Hales:** That is better. Start an investigation into the American manufacturer. This may be settled before the machine is made, and he will decide: "Well, I am going to be assessed a dumping duty". Therefore, he will not accept the contract and it will come back to the Canadian manufacturer.

**Mr. Gray:** That is right.

**Mr. Hales:** Now, in the old legislation you did not have that protection. Now you can do it at the negotiating stage. Do we follow this? Is that clear.

**Mr. Lewis:** Yes.

**The Chairman:** Would you like to add to that Mr. Arthur?

**Mr. Arthur:** No sir.

**Mr. Gray:** Mr. Hales has straightened this out for us in a very clear way, I think. He should be commended for doing so.

[Interpretation]

**M. Danson:** Oui, mais je pense que nous avons prévu cela dans l'article sur les accords compensateurs.

**M. Hales:** Monsieur le président, ce sont des questions de barrières non tarifaires, dont nous ne nous occupons pas du tout dans ce projet de loi sur l'antidumping. Nous pouvons donc placer cela dans la bonne perspective, et poursuivre les délibérations dans le sens que leur avait donné M. Danson. Supposons que je veuille acheter une presse hydraulique. Je m'adresse à un fabricant canadien, qui établit le prix à \$100,000. Disons que la presse dure 20 ans, et que j'en achète donc une tous les vingt ans. Le prix au Canada est de \$100,000, alors qu'un fabricant américain, disons, m'offre la même chose pour \$80,000.

En vertu de la nouvelle loi, si je comprends bien, dès que vous perdrez une commande comme celle-là, vous déclarerez qu'il y a dumping. Vous alerterez le ministère et vous enregistrerez votre plainte, vous souvenant qu'il peut y avoir dumping à l'étape des négociations en vue d'une commande. Le ministère et le sous-ministre pourraient alors accuser la société américaine de dumping...

**M. Gray:** Pas «accuser»—il ne s'agit pas de la procédure criminelle.

**M. Hales:** Entendu. Lancer—non une accusation...

**M. Gray:** Une enquête.

**M. Hales:** Oui, c'est mieux. Entreprendre une enquête contre le fabricant américain. On arrivera peut-être à des conclusions avant que la machine ne soit fabriquée. Le fabricant américain se dira alors qu'on va lui faire payer un droit de dumping, et il refusera donc le contrat, si bien que ce dernier reviendra au fabricant canadien.

**M. Gray:** C'est exact.

**M. Hales:** L'ancienne loi ne vous assurait pas ce genre de protection. Désormais, vous pouvez prendre des mesures à l'étape des négociations. Est-ce bien cela? Est-ce clair?

**M. Lewis:** Oui.

**Le président:** Monsieur Arthur, avez-vous quelque chose à ajouter?

**M. Arthur:** Non, monsieur.

**M. Gray:** M. Hales nous a, je pense, expliqué cela avec beaucoup de clarté, et nous devons l'en féliciter.



[Interprétation]

**The Chairman:** Thank you, Mr. Hales. Are there any further questions, gentlemen? Yes, I am sorry Mr. Flemming.

**Mr. Hales:** Mind you, I realize that this particular type of industry has a very difficult problem and are in a more vulnerable position than many other industries I think. I am glad to think they are getting a little more protection than they had before. If I am wrong, or if you do not think that, tell the Committee. Do you not really feel that you are getting a little more protection than you had before? We hope you are.

**Mr. Lewis:** Yes, Mr. Chairman, I think that is correct providing the regulations do regulate.

**Mr. Hales:** Now in that case, the minute that the Deputy Minister is notified an investigation is started, and it has to be completed within 90 days. That is correct is it not?

**The Chairman:** Mr. Flemming?

**Mr. Flemming:** Mr. Chairman, my question is very simple. A few minutes ago...

**The Chairman:** There is no such thing as a simple question, Mr. Flemming.

**Mr. Flemming:** All right then, if you want them all profound we will try to oblige.

**The Chairman:** There was a simple question asked before. I am sorry.

**Mr. Flemming:** I wanted to ask Mr. Lewis or one of his associates if the loss of a paper-making machine, which I assume runs into several millions of dollars, would be detrimental to the whole industry, or would it be only detrimental to the one component of the industry that lost the business?

**Mr. Lewis:** Mr. Chairman, I think it would be detrimental to the industry. The position now is that there are very few people left in Canada making paper machinery. They have generally been discouraged because of the inability to make money.

**Mr. Gray:** That would discourage anybody.

**The Chairman:** Mr. Arthur would like to comment on your question, Mr. Flemming.

**Mr. Arthur:** Mr. Chairman, we have been talking here about an industry and I think that it would be useful at this time to make reference to the definition of "like goods" because it relates to goods that are identical.

[Texte]

**Le président:** Merci, monsieur Hales. Avez-vous d'autres questions, messieurs? Oui, excusez-moi, monsieur Flemming.

**M. Hales:** Remarquez, je me rends bien compte que ce genre particulier d'industries se heurtent à un problème très difficile, et sont plus vulnérables que bien d'autres. Je suis heureux de voir qu'on leur accorde plus de protection qu'auparavant. Si je me trompe, ou si vous n'êtes pas de mon avis, dites-le au Comité. Ne pensez-vous pas vraiment qu'on vous accorde plus de protection qu'auparavant? Nous espérons qu'on le fait.

**M. Lewis:** Oui, monsieur le président. C'est exact, à condition que les règlements soient appliqués.

**M. Hales:** Donc, dans ce cas, dès que le sous-ministre est averti, on entreprend une enquête, qui doit être terminée dans les 90 jours. Est-ce exact?

**Le président:** Monsieur Flemming?

**M. Flemming:** Monsieur le président, ma question est très simple. Il y a quelques minutes...

**Le président:** Je ne connais pas de question simple, monsieur Flemming.

**M. Flemming:** Alors très bien, si vous voulez une question profonde, je vais essayer de vous satisfaire.

**Le président:** On a déjà posé une question simple. Excusez-moi.

**M. Flemming:** Je voulais demander à M. Lewis ou à l'un de ses associés si la perte d'une machine de fabrication du papier, qui, je suppose, coûte des millions de dollars, nuirait à toute votre industrie, ou seulement à l'élément particulier de l'industrie qui aurait perdu la commande?

**M. Lewis:** Monsieur le président, je pense que cela nuirait à toute notre industrie. A l'heure actuelle, il reste très peu de gens au Canada qui fabriquent des machines à papier. Ils se sont généralement découragés à cause du manque de rentabilité.

**M. Gray:** Cela se comprend.

**Le président:** Monsieur Flemming, M. Arthur voudrait faire quelques observations au sujet de votre question.

**M. Arthur:** Monsieur le président, nous avons parlé d'une industrie et je pense qu'il serait utile maintenant de définir l'expression «marchandises semblables», qui indique des marchandises qui sont identiques. Aux termes

[Text]

It is possible under this proposed legislation that a determination of injury and, therefore, dumping will take place. It relates to the production of a particular product even though your company, or companies, may be producing a variety of products. In the determination of injury that determination will be made with respect to a particular product, not whether your total injury or the industry has been injured.

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**Mr. Gray:** The draft Bill keeps talking about injury to production in Canada of "like goods", which I think, should provide some reassurances in the context of our present statute.

**Mr. Lewis:** Mr. Chairman, I think that is correct providing "like" does not get interpreted as narrowly as "class" and "kind" used to be interpreted.

**Mr. Gray:** That is what happens when you have very specific definitions.

**The Chairman:** Mr. Flemming, do you have any more questions?

**Mr. Flemming:** No, that is all, thank you.

**The Chairman:** Mr. Trudel?

**M. Trudel:** Monsieur le président, M. Lewis a parlé plus tôt, au cours de la conversation, de *protection on domestic market*. A-t-il l'impression qu'on devrait ajouter quelque chose au projet de loi antidumping, un article qui lui donnerait la protection qu'il recherche? C'est l'impression qu'il m'a laissée.

**Mr. Lewis:** Mr. Chairman, I think we are concerned about the way the regulations are drawn for administration of the law. We are trying to interpret it as though it favours us now, as we understand it.

**The Chairman:** Mr. Slaughter, have you any comments?

**Mr. Lewis:** Mr. Slaughter has a point.

**Mr. Slaughter:** In answer to the question, we are also concerned about whether the administration is going to be able to use countervailing duties in Canada to protect Canadian industry in the same way that our competitors are protected when we attempt to sell on their markets. We are not sure that there is any reference to this.

[Interpretation]

de la loi projetée, on déterminera s'il y a eu préjudice, et, donc, dumping. Cela portera sur la production d'un produit particulier, bien que la ou les sociétés puissent fabriquer divers produits. En déterminant s'il y a eu préjudice, on considérera un produit particulier, et non les dommages causés à l'industrie entière.

**M. Gray:** Dans le projet de loi, on parle sans cesse de préjudice à l'endroit de la production au Canada, de «marchandises semblables», ce qui, je pense, devrait être assez rassurant, dans le contexte de la loi actuelle.

**M. Lewis:** Monsieur le président, je pense que cela est exact, à condition que l'on n'interprète pas l'expression «semblable» de façon aussi étroite que l'on interprétait les termes «catégorie» et «genre».

**M. Gray:** C'est ce qui arrive avec des définitions trop précises.

**Le président:** Monsieur Flemming, avez-vous d'autres questions?

**M. Flemming:** Non, c'est tout, merci.

**Le président:** Monsieur Trudel?

**Mr. Trudel:** Mr. Chairman, Mr. Lewis, mentioned earlier in the conversation "protection of domestic market". Is Mr. Lewis under the impression that something should be added to the anti-dumping bill, i.e. a clause which would give him the protection he seeks? This is the impression he gave me.

**M. Lewis:** Monsieur le président, je pense que ce qui nous intéresse, c'est la façon dont les règlements seront rédigés pour l'application de la loi. Nous essayons d'interpréter la loi comme si elle nous favorisait, d'après ce que nous comprenons.

**Le président:** Est-ce que vous avez d'autres questions, monsieur Slaughter?

**M. Lewis:** M. Slaughter a une observation à faire.

**M. Slaughter:** Pour répondre à la question, nous nous inquiétons aussi de savoir si l'administration va pouvoir imposer des droits compensateurs au Canada pour protéger l'industrie canadienne, tout comme nos concurrents sont protégés lorsque nous essayons de vendre nos produits sur leurs marchés? Nous ne sommes pas certains que l'on parle de cela dans le projet de loi.



[Texte]

**The Chairman:** Mr. Arthur?**Mr. Arthur:** I believe Mr. Hind wants to respond.**Mr. Hind:** Mr. Chairman, there is a difference between anti-dumping duty and countervailing duty. This proposed act deals only with anti-dumping duty. There is in the law at the present time, namely, Section 6(a) of the Customs Tariff Act a provision for countervailing duties which looks after the particular points that are brought out in the brief such as subsidies, bounties, grants and so on.**Mr. Slaughter:** Thank you very much.**Le président:** Monsieur Trudel, avez-vous d'autres questions?**Mr. Trudel:** Mr. Chairman, I have one more. Unless my interpretation is wrong when we say "massive" it could be massive and apply to one order. I think this question has to be directed to the representatives of the Departments?**Mr. Arthur:** That is correct, sir.**Mr. Trudel:** It could be one single unit and still be massive? Without any regard to the over-all injury to the industry it would have to be determined on the one order, or could be determined on one order or one unit?**Mr. Arthur:** If it were considered to be massive, yes. If it were a massive importation, yes, sir.**Mr. Trudel:** Yes, that answers my question.**The Chairman:** Do you have any further questions on the brief, gentlemen. If not, I will ask the representatives of the Association if they have comments to make before we finish with their brief.**Mr. Lewis:** Mr. Chairman, I think...**The Chairman:** I am sorry, Mr. Lewis, if I always direct you to use the microphone but it is to help our technicians.

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**Mr. Lewis:** Mr. Chairman, in answer to the last question whether there is anything we want added into the regulations, I think we are particularly interested in knowing that there will be penalties, and that the penalties will be effective. Now, just as an illustration

[Interprétation]

**Le président:** Monsieur Arthur?**M. Arthur:** Je crois que M. Hind veut répondre à cette question.**M. Hind:** Monsieur le président, il y a une différence entre un droit antidumping et un droit compensateur. Le projet de loi parle seulement des droits antidumping. Il y a dans la loi actuelle, c'est-à-dire à la section a) de l'article 6 de la Loi sur le tarif des douanes, une disposition portant sur les droits compensateurs qui traite des questions particulières soulevées dans le mémoire, comme les subsides, les indemnités, les subventions, etc.**M. Slaughter:** Merci beaucoup.**The Chairman:** Mr. Trudel, do you have any other questions?**M. Trudel:** Une dernière question, monsieur le président. A moins que je ne m'abuse, lorsqu'on dit «massive», cela pourrait s'appliquer à une seule commande. Je pense que ma question doit s'adresser aux représentants du ministère.**M. Arthur:** C'est exact, monsieur.**M. Trudel:** Même une seule unité pourrait constituer une importation massive. On devrait, ou on pourrait, déterminer le préjudice en se fondant sur cette seule commande, ou cette seule unité, sans tenir compte du préjudice d'ensemble causé à l'industrie?**M. Arthur:** En effet, monsieur, si l'on considérerait cette importation comme étant massive.**M. Trudel:** C'est tout ce que je voulais savoir.**Le président:** Est-ce qu'il y a d'autres questions, messieurs, au sujet du mémoire? Sinon, je vais demander aux représentants de l'Association s'ils ont des observations à faire avant que nous n'en terminions avec l'étude de leur mémoire.**M. Lewis:** Monsieur le président, je pense...**Le président:** Excusez-moi, monsieur Lewis, de toujours vous demander d'utiliser le microphone, mais cela est nécessaire pour nos techniciens.**M. Lewis:** Monsieur le président, en réponse à la dernière question—c'est-à-dire, est-ce qu'il y a quelque chose que nous aimerions voir ajouter aux règlements—je pense qu'il nous intéresse de savoir s'il y aura des pénalités efficaces. Pour vous donner un

## [Text]

of what happens by running the risk of what appears to be dumping, the proposed Bill seems to give you a running chance at whether you get caught for dumping or not.

Let us consider the situation in some of the large power projects where Canadian engineering and manufacturing facilities, say for hydraulic turbines, are perhaps the most competent and efficient in the world.

In 1964 the Japanese price landed in Canada for five turbines was 82 per cent of the lowest Canadian price. In 1967 the same Japanese company quoted 84 per cent of the lowest Canadian price for three duplicate units, which in effect extended the production run from five to eight units. However, another Japanese company received the order by quoting 65 per cent. On another tender this year, the above two companies were 83 per cent and 76 per cent of the only Canadian price, but the low Japanese price was 39 per cent. Now, these three examples represent jobs for 600 people in one company alone for one year. These prices mean that regardless of cost it appears that the Japanese are willing to sell turbines for just about the cost of the steel and other materials in this country.

Gentlemen, there is not that much difference in the cost of making steel in Japan or in the machinery that they ship in here. Unless there are some safeguards against this type of competition, we are going to watch \$60 million to \$100 million worth of business from the North American continent being closed to our suppliers over the next few years.

**The Chairman:** Have you any comments, Mr. Arthur or Mr. Hind?

**Mr. Arthur:** Mr. Chairman, the only comment that I could make against what has just been stated is that this legislation is designed to establish normal values in the country of export. There are several methods available in the legislation for doing this, and the purpose of this legislation is to see that trade is conducted in a normal manner and in accordance with home market, open market conditions.

I think that is really all I can say, Mr. Chairman, I believe though that in their paragraph (d) they make reference to an additional penalty. This legislation is not designed as a punitive measure, dumping is not an offence, it is not a criminal offence, it is risky, and that is what this law is designed to ensure that it is.

**Mr. Lewis:** Mr. Chairman, I think this is what we like to see under the present circumstances. Whether these items that I quoted

## [Interpretation]

exemple de ce qui arrive lorsqu'on court le risque de ce qui semble être du dumping, le projet de loi semble vous donner une bonne chance de vous en tirer.

Étudions la situation qui prévaut dans les grands projets énergétiques où les turbines hydrauliques canadiennes sont peut-être les plus efficaces du monde.

En 1964, les Japonais ont vendu au Canada cinq turbines dont le prix était de 82 p. 100 inférieur au prix canadien. En 1967, la même compagnie japonaise a fait un prix de 84 p. 100 inférieur au prix canadien le plus bas, ce qui étendait sa production de 5 à 8 unités, mais une autre compagnie japonaise a eu la commande en établissant un prix de 65 p. 100. Autre offre cette année: les prix des deux compagnies susmentionnées s'établissaient à 83 et 76 p. 100, du seul prix canadien, mais le prix japonais le plus bas s'établissait à 39 p. 100. Voilà qui représente l'emploi de 600 personnes dans une seule compagnie, pendant un an.

Ces prix veulent dire que, quel que soit le prix, il semble que les Japonais soient prêts à vendre des turbines pour le seul prix de l'acier et du matériel. Il n'y a pas tellement de différence dans la production, la main-d'œuvre; et à moins qu'il y ait protection contre ce genre de concurrence, nos producteurs perdront environ de 60 à 100 millions de dollars d'ici quelques années.

**Le président:** Avez-vous des remarques à faire, monsieur Arthur, ou monsieur Hind?

**M. Arthur:** Monsieur le président, le seul commentaire que je pourrais faire au sujet de ce que l'on vient de dire, c'est que cette Loi vise à établir la valeur normale dans le pays exportateur. Diverses méthodes sont prévues par la Loi à cette fin, et le but de cette Loi est de voir à ce que le commerce se fasse de façon normale et conformément aux conditions libérales du marché intérieur. Je pense que c'est tout ce que je puis dire, monsieur le président. Je crois, cependant, qu'à l'alinéa d), on parle d'une pénalité additionnelle. Cette Loi n'est pas une mesure punitive. Le dumping n'est pas une offense criminelle, c'est un risque et c'est ce que la Loi veut assurer.

**M. Lewis:** Monsieur le président, je pense que c'est ce que nous aimons voir dans les circonstances actuelles, que les exemples que



[Texte]

are dumping or not, we will never know. We hope that in the new regulations there will be some publicity when dumping is actually found.

**Mr. Arthur:** Well, Mr. Chairman, as you are aware there are provisions for the publication of the various determinations, and this will give more publicity to these activities than there has been in the past.

**Mr. Hales:** Mr. Lewis have you any other suggestions or recommendations how we can keep help? What amount was that sale from Japan again, how much? How many million was it \$60 million to \$100 million?

**Mr. Lewis:** The annual volume in Canada and United States will approximate \$60 to \$100 million.

**Mr. Hales:** Would you like to give the Committee any suggestions or recommendations how you think we could help?

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**Mr. Lewis:** In the United States about 70 per cent of the business is not open to foreign bidders. In Canada a larger proportion of the business is opening up to Japanese or other world-wide bidders. Today it is not uncommon to see eight or nine bids in there, and only one or two Canadian bids. Whereas you used to see four and five Canadian bids and maybe one British bid.

**Mr. Hales:** So we are back to these non-tariff barriers again?

**Mr. Lewis:** Yes.

**Le président:** D'autres questions, messieurs? Oui, monsieur Trudel?

**Mr. Trudel:** One last question, Mr. Chairman. Am I to assume then Mr. Lewis that there was no proviso anywhere in the existing law that we have today to stop the situation that you have described.

**Mr. Lewis:** That is correct, sir.

**Mr. Trudel:** Do you feel we are actually improving the situation that existed with the proposed law?

**Mr. Lewis:** Yes, we are improving against dumping, but not against protecting the market from indiscriminant low pricing through world-wide competitive bidding.

**Mr. Trudel:** Thank you.

[Interprétation]

j'ai donné constituent du dumping ou non, nous ne le saurons jamais. Nous espérons que dans les nouveaux règlements, on donnera un peu de publicité aux cas de dumping.

**M. Arthur:** Comme vous le savez, monsieur le président, il y a des dispositions qui prévoient la publication des cas de dumping; on donnera plus de publicité à ces activités que dans le passé.

**M. Hales:** Monsieur Lewis, est-ce que vous avez d'autres recommandations, ou suggestions qui pourraient nous aider? Quel est le montant de ces achats au Japon, déjà? De 60 à 100 millions de dollars?

**M. Lewis:** De 60 à 80 millions de dollars environ, par année. Au Canada et aux États-Unis.

**M. Hales:** Est-ce que vous pourriez recommander quelque chose au Comité? Comment pensez-vous qu'on pourrait remédier à la situation?

**M. Lewis:** Aux États-Unis, environ 70 p. 100 du commerce n'est pas ouvert aux soumissionnaires étrangers. Au Canada, une plus grande partie du commerce est offerte aux Japonais et autres soumissionnaires étrangers. Il n'est pas rare, aujourd'hui, de voir 8 ou 9 offres de prix venant de l'étranger et seulement une ou deux offres canadiennes, parfois peut-être une de l'Angleterre.

**M. Hales:** Par conséquent, nous en sommes encore aux barrières non tarifaires?

**M. Lewis:** Oui.

**The Chairman:** Any other questions, gentlemen? Yes, Mr. Trudel?

**M. Trudel:** Une dernière question, monsieur le président. Dois-je comprendre, monsieur Lewis, qu'il n'y avait pas de disposition dans la Loi, telle qu'elle existe en ce moment, pour mettre fin à la situation que vous décrivez?

**M. Lewis:** Non.

**M. Trudel:** Et est-ce que le projet de loi représente une amélioration?

**M. Lewis:** Oui, c'est une amélioration au sujet du dumping, mais il n'y a pas de protection, pour le marché, contre les prix trop bas établis par les pays étrangers.

**M. Trudel:** Merci.

[Text]

**Mr. Chambers:** I wonder, Mr. Chairman if I might make two comments; one is a comment, and the other is a question. We as an Association do look optimistically to this legislation providing better protection than we have had in the past.

However, we must always be practical and realize that pressure was not brought on our government here to follow the procedures of other countries in this new legislation without some of those advocating these changes expecting to get some benefits from it. I think we must be realistic to that degree, so the regulations fundamentally, it is our hope, will provide mechanisms whereby this new legislation is advantageous to it.

Second, there is a question, Mr. Chairman that I would like to ask. Mr. Arthur commented on it, and it is a little bit disconcerting to us. It is recognized in almost any industry that if you wish to prevent competition from interfering with your market you can for a considerable time quote prices below that which are realistic in terms of your competitor's starting up against you.

Now, we understood from the reading of this presentation on the White Paper that injury could also embrace a definite attempt by others to prevent an industry in Canada engaging in some aspect of manufacture that might be of interest to it.

In other words, it is possible that an off-shore company can continue to sell in this country, as I understand Mr. Arthur's interpretation, sir, as long as we are not making those goods here, and the competitive country can keep on manufacturing below their market price to our detriment. Is there no remedy or means by which some attention can be drawn to the fact that we are prevented from manufacturing because of these devices? Also some suggestion has been raised here, or some query has been raised here, whether the members of our Association who have American parents, or other parents, might be prevented from manufacturing in this country by some such device. If there is no protection against us in this area, under the present considerations, I wonder if this Committee should give consideration to this aspect of this legislation?

**The Chairman:** I think there is Mr. Chambers, and I will ask Mr. Arthur to quote the section.

**Mr. Arthur:** Mr. Chairman, I would like to correct one impression, which certainly is a wrong one, at least if I left it, and I do not believe I did. It is to infer that if the product

[Interpretation]

**M. Chambers:** Monsieur le président, j'aurais deux remarques à faire. Une remarque et une question. Notre association est favorable à cette législation qui donnera une meilleure protection, nous l'espérons, que par le passé, mais nous devons être pratiques et réaliser qu'on a pressé, bien sûr, notre gouvernement de suivre l'exemple d'autres pays dans cette nouvelle législation, mais sans oublier que certains de ces pays en attendent quelque chose en retour. Il faut donc être pratiques.

Fondamentalement, les règlements, nous l'espérons, fourniront un mécanisme par lequel cette nouvelle législation sera à notre avantage.

Deuxièmement, je voudrais poser une question. M. Arthur en a parlé, et c'est une chose qui nous déconcerte un peu, qui nous surprend un peu. On reconnaît, dans presque toutes les industries, que si on veut empêcher la concurrence sur son marché, on peut, pendant assez longtemps, offrir des prix que les nouveaux concurrents ne peuvent pas offrir. On a vu dans le Livre blanc que le préjudice peut aussi comprendre la tentative, de la part d'autres industries, d'empêcher une industrie canadienne de s'adonner à la fabrication de certains articles, qui pourrait l'intéresser.

Il est possible qu'une compagnie étrangère puisse continuer de vendre dans notre pays, si j'ai bien compris l'interprétation de M. Arthur, et qu'aussi longtemps que nous ne fabriquons pas ces articles ici, le pays concurrent peut continuer de fabriquer des articles et les offrir à un prix inférieur au prix du marché. Est-ce qu'il n'y a pas un moyen d'attirer l'attention sur le fait qu'on nous empêche de fabriquer des articles à cause de ces manigances? On a soulevé la question ici; on a demandé si les membres de notre Association qui sont des filiales des compagnies américaines pourraient être empêchés de produire certains articles par des moyens semblables. S'il n'y a pas de protection d'après la Loi actuelle, je me demande si le Comité ne devrait pas étudier cet aspect de la Loi.

**Le président:** Je pense que cette protection existe, monsieur Chambers, et je demande à M. Arthur de vous citer l'article.

**M. Arthur:** J'aimerais corriger une impression que j'ai pu vous donner sans le vouloir. Lorsque j'ai dit que si les marchandises n'étaient pas fabriquées ici, cela ne nous permet-



[Texte]

were not produced here now this would not permit a finding which would constitute dumping. I do not think that at any stage that I gave that—at least I did not intend to leave that impression.

• 1555

I would refer, Mr. Chairman to clause 13, on page 58 which talks about the initiation of an investigation:

The Deputy Minister shall forthwith cause an investigation to be initiated respecting the dumping of any goods...

and so on,

that the dumping referred to in paragraph (a) has caused, is causing or is likely to cause material injury to the production in Canada of like goods or has materially retarded or is materially retarding the establishment of the production in Canada of like goods.

**The Chairman:** Does that answer your question, Mr. Chambers?

**Mr. Chambers:** Yes, thank you very much, Mr. Chairman.

**Le président:** Oui, monsieur Portelance?

**M. Portelance:** Je crois qu'à l'article 3, aussi, on mentionne la même chose, à l'alinéa b).

**Le président:** Quelle page, monsieur?

**M. Portelance:** Page 44.

**Mr. Arthur:** That is correct.

**The Chairman:** In reading the White Paper that is the impression you had, and now it is confirmed by the reply given to you by Mr. Arthur?

**Mr. Chambers:** Yes. That had been our understanding, but I misinterpreted what Mr. Arthur had to say.

**The Chairman:** I think, Mr. Chambers if you had that impression it is gone now; that is the very important thing. Have you any other questions, gentlemen?

**Mr. Cranston:** May I ask Mr. Arthur a question? Would you say that clause would cover, for example, a situation where financing arrangements were made offshore by a Canadian organization with the proviso that such equipment be purchased in that country? Would the goods then be subjected to protection under that clause?

[Interprétation]

trait pas de déterminer s'il y a dumping, je ne voulais pas donner cette impression.

Monsieur le président, je me reporte à l'article 13, à la page 58, qui parle de l'ouverture d'une enquête:

Le sous-ministre fait ouvrir immédiatement une enquête concernant le dumping de marchandises, etc., s'il est d'avis qu'il y a des éléments de preuve indiquant que le dumping mentionné à l'alinéa a) a causé, cause ou est susceptible de causer un préjudice sensible à la production au Canada de marchandises semblables ou a retardé ou retarde sensiblement la mise en production au Canada de marchandises semblables.

**Le président:** Est-ce que cela répond à votre question, monsieur Chambers?

**M. Chambers:** Oui, merci beaucoup.

**The Chairman:** Yes, Mr. Portelance?

**Mr. Portelance:** I think that the same thing is mentioned in clause 3, paragraph (b).

**The Chairman:** What page, sir?

**Mr. Portelance:** Page 44.

**M. Arthur:** C'est exact.

**Le président:** Est-ce que cela confirme ce que M. Arthur avait confirmé?

**M. Chambers:** Oui. J'avais mal compris, M. Arthur.

**Le président:** Ce qui est très important, monsieur Chambers, c'est que si vous aviez une fausse impression, vos doutes sont maintenant dissipés. D'autres questions?

**M. Cranston:** Monsieur le président, diriez-vous que cet article traite, par exemple, de la question du matériel fabriqué à l'étranger à condition que ce matériel soit acheté dans ce pays? Par conséquent, ces marchandises seraient-elles protégées en vertu de cet article?

[Text]

**Mr. Arthur:** This would apply, if you are relating it again, sir, to the circumstance where there was no Canadian producer.

**Mr. Cranston:** No, no. If there is a...

**Mr. Arthur:** If there is a Canadian producer, and a complaint was made, and the Deputy Minister determined that those circumstances might cause injury, then he could make a determination and refer it to the Tribunal. If they found there was injury then dumping would apply. In the establishment of the price this might be considered to be a compensatory arrangement.

**Mr. Cranston:** Such action would be taken prior to any negotiation of a final contract?

**Mr. Arthur:** No, sir. Mr. Chairman, I think earlier in the hearing today, I tried to make it clear that this was only once a sale or contract had been made. In order to determine whether there is any margin of dumping you need the normal value and the selling price. So it only occurs at the time the contract has been completed, that is, a sale or an agreement of sale made.

**The Chairman:** Any other questions? Mr. Portelance?

**Mr. Portelance:** Mr. Arthur, you said only when the contract has been made, but also the goods were in Canada.

**Mr. Arthur:** No, sir, a liability to dumping can be determined at the time of contract. The actual importation may not take place until some time after that event. Dumping duty, of course, is not collected until the importation has been made and then only collected if, again, the circumstances are similar to those that existed at the time the liability was determined.

• 1600

**Mr. Cranston:** Mr. Arthur, is any warning given to the ultimate customer that this may be subjected to dumping duty? Is any warning given to him prior to his settling of the contract?

**The Chairman:** Mr. Hind, if you shake your head, it is not recorded.

**Mr. Arthur:** Again, Mr. Chairman, the question was put prior to a contract. I have been endeavouring to point out that until there is a contract there can be no determination of liability to dumping.

[Interpretation]

**M. Arthur:** Cela s'appliquerait encore une fois, si on en revient aux circonstances où il n'y a pas de fabricants canadiens.

**M. Cranston:** Non, s'il y a des fabricants canadiens...

**M. Arthur:** S'il y a un fabricant canadien, et si, en fait, on porte une plainte et que le sous-ministre détermine que, dans les circonstances, il peut y avoir préjudice, il peut référer la détermination au Tribunal et, si le Tribunal prouve qu'il y a eu préjudice, alors, on décidera qu'il y a eu dumping. Et dans l'établissement du prix, on pourra considérer cela comme un arrangement compensatoire.

**M. Cranston:** On prendrait ces mesures avant la négociation d'un contrat définitif?

**M. Arthur:** Monsieur le président, je pense que, au début de la séance aujourd'hui, j'ai essayé de dire clairement que c'était seulement après qu'une vente a été faite ou un contrat conclu. Avant de déterminer s'il existe une marge de dumping, il faut connaître la valeur normale et le prix de vente. Par conséquent, cela ne se produit que lorsque le contrat a été mis à exécution, c'est-à-dire lorsque l'on a fait une vente ou un accord en vue d'une vente.

**Le président:** Y a-t-il d'autres questions? Oui, monsieur Portelance?

**M. Portelance:** Vous dites seulement lorsque le contrat a été fait, mais de plus, les marchandises étaient au Canada.

**M. Arthur:** Non, monsieur. Le risque de dumping peut être déterminé au moment du contrat. L'importation ne se ferait peut-être pas avant une certaine période de temps après le contrat. Le droit n'est pas perçu tant que l'importation n'a pas eu lieu. Il n'est perçu que si les circonstances sont les mêmes qu'au moment où il y a eu présomption de dumping.

**M. Cranston:** Est-ce qu'on donne un avertissement au client que cela peut être assujéti à un droit de dumping? Est-ce qu'on lui donne un avertissement avant que le contrat soit conclu?

**Le président:** Monsieur Hind, si vous secouez la tête, votre réponse n'est pas enregistrée.

**M. Arthur:** La question se pose avant le contrat. Tant qu'il n'y a pas eu de contrat, il est impossible de déterminer qu'il y a eu présomption de dumping.



[Texte]

**Mr. Slaughter:** Mr. Chairman, may I ask for an explanation of the penalty in simple dollars and cents that a would-be dumper is faced with. I would mention that this has given us some concern; we can see that it is a pretty good risk for somebody to dump into Canada—a one-dump situation.

We wonder whether somebody could perhaps explain to us, using a \$100 item to keep it simple, if the man were found to have dumped, what penalty he would pay, so we could perhaps judge...

**Mr. Arthur:** Mr. Chairman, again, this is not a matter of penalty, but I would refer the delegation to clause 8 of the proposed legislation, paragraph (b), page 48 which says:

8. For the purposes of this Act.  
(b) the margin of dumping of any goods is the amount by which the normal value of the goods exceeds the export price of the goods.

**Mr. H. J. A. Chambers** (Past President Machinery and Equipment Manufacturers' Association of Canada and Chairman of the Board, Fluid Power Limited, Toronto): Mr. Chairman, apropos that question, is it not within the realms of possibility that the forms required for importation might require affidavits to the effect that these values are proper values, which, when taken makes a criminal action indicated in the event that it is found not to be the case.

**Mr. Hind:** Mr. Chairman, the present customs documents that are required in respect of goods imported into Canada, contain a certification which is required to be signed by the exporter in which he takes full responsibility for ensuring that all information showing on the invoice, both front and back, is in accordance with the facts.

**Mr. Chambers:** Is there no penalty for misinformation in that case, Mr. Chairman?

**Mr. Hind:** I suppose one wonders what can be misinformation. Under the proposed legislation there is a very complicated method set up to determine the normal value of goods. These Regulations and the proposed Bill itself are conducive to different interpretations, and an exporter could, of course, in all good faith, interpret the Regulation in one way and others might interpret it in another way. It is not customary, Mr. Chairman, to assess penalties in respect of information that is given in good faith.

[Interprétation]

**M. Slaughter:** Monsieur le président, puis-je demander une explication sur ce qu'est la sanction en dollars et en cents pour une dérogation éventuelle. Cela nous a donné du souci. Et c'est un assez bon risque que de pratiquer le dumping sur le marché canadien. Est-ce qu'on pourrait nous dire en dollars et en cents, est-ce qu'on peut nous expliquer quelle est la sanction, pour nous donner une idée?

**M. Arthur:** Monsieur le président, encore une fois, il ne s'agit pas d'une sanction. J'engage la délégation à se reporter à l'article 8 de la loi dumping, page 48 qui dit:

8. Aux fins de la présente loi,  
(b) la marge de dumping de toutes marchandises est l'excédent de la valeur normale des marchandises sur le prix à l'exportation des marchandises.

**M. Chambers** (Ancien président de l'Association des fabricants de machines et d'équipement du Canada, président du conseil d'administration de la "Fluid Power Limited", Toronto): A propos de cette question, n'entre-t-il pas dans le domaine des possibilités que les formules exigées pour l'exportation exigent une déclaration assermentée de sorte qu'on peut revenir contre le coupable lorsqu'on constate que la déclaration était fausse?

**M. Hind:** Les formules actuelles des douanes à l'égard de l'importation de denrées au Canada renferment une certification qui doit être signée par l'exportateur, qui assume la pleine responsabilité de l'exactitude de tous les renseignements figurant sur la facture.

**M. Chambers:** Par conséquent, est-ce qu'il y a des sanctions pour déclarations inexactes?

**M. Hind:** On se demande ce que sont de faux renseignements. Aux termes de la loi projetée, une méthode assez compliquée est établie pour déterminer la valeur normale des marchandises. Ces règlements et la loi elle-même peuvent donner lieu à différentes interprétations et un exportateur pourrait évidemment, en toute bonne foi, interpréter les règlements dans un sens tandis qu'un autre pourrait les interpréter dans un autre sens. On n'a pas l'habitude de déterminer les sanctions à l'égard des renseignements qui ont pu être donnés de toute bonne foi.

[Text]

**The Chairman:** Mr. Arthur, is there any section in GATT to which Canada was a signatory that would cover the question asked by Mr. Chambers?

**Mr. Arthur:** No, sir.

**Mr. Chambers:** Could I ask one more question, Mr. Chairman? There are known to be devices in exporting countries whereby tax-wise or otherwise it is advantageous for the manufacturer in those countries to export his goods which results in the selling price in this country to be less than might otherwise have been the case. We know of a number of such situations, as I am sure now, the government has some knowledge also. Where does this fit in this legislation? If it does not fit here, is there any means by which the true value of those goods can attract the duty applicable?

• 1605

**Mr. Arthur:** Mr. Chairman, as I understand the question, the illustration that was given suggested that the selling price to the importer in Canada was less than the normal value in the country of export. There are two clauses in the proposed legislation, clauses 9 and 10, which spell out in considerable detail how these two factors will be determined and the Regulations give further directions on how the normal value and the export price will be determined. Clause 8 which I read just a moment ago says that if there is a difference and injury has been proved, the margin of dumping is the difference between the normal value and the export price.

**Mr. Slaughter:** Mr. Chairman, may I ask for a clarification?

**The Chairman:** I want to make a suggestion, gentlemen, not because I want to cut the questioning, but if there are any more questions coming to the Chair regarding the administration, I would make the same suggestion I made to another group last Tuesday, that you get together with either Mr. Arthur or Mr. Hind and discuss your questions. I think this suggestion achieved very good results last Tuesday because we received a report in this Committee that both sides were completely satisfied. However, you can go on with your question, Mr. Slaughter.

**Mr. Slaughter:** Mr. Chairman, I think I should wait and ask...

**The Chairman:** No, you ask your question. I do not want to give you the impression I want to cut down on the questions, but there are some questions directed to the Chair that

[Interpretation]

**Le président:** Le GATT, dont le Canada est signataire, comporte-t-il un article qui répondrait à la question posée par M. Chambers?

**M. Arthur:** Non.

**M. Chambers:** Je voudrais poser une autre question, monsieur le président. On sait qu'il y a des moyens chez les pays exportateurs qui leur permettent, de par des impôts ou autrement, de protéger les fabricants de leur propre pays qui exportent des denrées, de sorte que le prix de vente ici pourrait être inférieur à ce qu'il aurait été autrement?

Nous connaissons plusieurs cas de ce genre, le gouvernement est au courant également, j'en suis sûr. Où cela se trouve-t-il dans la loi ou est-ce qu'il y a des moyens d'établir la valeur réelle de ces marchandises en vue de l'application du droit?

**M. Arthur:** Monsieur le président, si je comprends bien la question, l'exemple qui a été donné donne à entendre que le prix de vente à l'importateur était inférieur à la valeur normale dans le pays d'exportation.

Il y a deux articles dans la loi, les articles 9 et 10, qui exposent assez en détail la façon on détermine ces deux facteurs et les règlements donnent d'autres directives en vue d'établir la valeur normale et le prix d'exportation.

L'article 8 dont je viens de donner lecture déclare que s'il existe une différence et que le préjudice a été démontré, la marge de dumping est la différence entre la valeur normale et le prix à l'exportation.

**M. Slaughter:** Monsieur le président, puis-je demander des éclaircissements.

**Le président:** Je vais faire une proposition. Ce n'est pas que je veuille mettre fin à l'interrogatoire, mais s'il y a d'autres questions d'ordre administratif à me poser, je veux faire la même proposition qu'à un autre groupe, que vous consultiez soit M. Arthur soit M. Hind et que vous lui posiez vos questions. Je crois que ma proposition de la semaine dernière a donné d'excellents résultats. On nous a dit que des deux côtés on s'est montré satisfait. Toutefois, posez votre question.

**M. Slaughter:** Je devrais peut-être attendre et demander...

**Le président:** Non. Posez votre question. Je ne veux pas vous donner l'impression de vouloir mettre fin à l'interrogatoire, mais certaines des questions qui me sont posées ne se



[Texte]

are not related to the White Paper on Anti-Dumping that we have before us.

**Mr. Slaughter:** This is related to my original question. I want to be sure we clearly understand. If the normal value is \$100 and somebody dumps it in here for \$90, I would understand that there is a \$10 dumping duty which has to be paid. Perhaps I have this wrong, but in that case if it has been decided that dumping took place, what would the importer actually have to pay?

**Mr. Arthur:** Mr. Chairman, that would only be dumping if the Tribunal had determined that there was injury. The margin of dumping is the difference between the \$90 and the \$100, or \$10.

**Mr. Slaughter:** I am afraid to use the word penalty, but what would the importer have to produce out of his pocket which he would not have had to produce if he had not been caught dumping?

**Mr. Arthur:** Ten dollars.

**Mr. Slaughter:** Thank you. My only comment, Mr. Chairman, is that it seems to be an extremely good gamble for anybody to take who wishes to...

**The Chairman:** But do you not think, Mr. Slaughter, that we have that possibility in the current law?

**Mr. Slaughter:** The penalty, I think, is greater than that, is it not?

**Mr. Arthur:** No.

**Mr. Slaughter:** I stand corrected.

**Mr. Arthur:** The penalty under the present Act is 50 per cent *ad valorem*. In the proposed legislation the actual penalty is the difference between the normal value and the selling price.

**The Chairman:** Which means, Mr. Arthur, in the case suggested by Mr. Slaughter it would have been \$5.

**Mr. Hind:** No, sir. Under the proposed legislation, the margin of dumping is the difference between the normal price and the export price, which means that the Department of National Revenue is expected to collect the full amount of the dumping. Under the existing law, the Department of National Revenue collects the full amount of the difference, but not in excess of 50 per cent of the value of the goods.

**Mr. Slaughter:** That would be \$5.

[Interprétation]

rattachent pas directement au Livre blanc que nous étudions en ce moment.

**M. Slaughter:** Ceci se rattache à ma question initiale et je voudrais être sûr que nous avons bien compris. Si la valeur normale est de \$100 et que quelqu'un en vend ici pour \$90, j'imagine qu'il y a une marge de dumping de \$10 pour laquelle on percevra des droits. J'ai peut-être mal compris, mais si on a déterminé que le dumping s'établissait à \$10, qu'est-ce que l'importateur doit payer exactement?

**M. Arthur:** Monsieur le président, ce ne sera dumping que si le tribunal détermine qu'il y a eu préjudice. La marge de dumping est la différence entre le \$90 et le \$100 soit \$10.

**M. Slaughter:** Je regrette d'employer le mot «amende», mais quelle somme aurait à payer l'importateur s'il était pris à pratiquer du dumping?

**M. Arthur:** Dix dollars.

**M. Slaughter:** Cela semble un très bon risque à prendre.

**Le président:** Cette possibilité n'existe-t-elle pas dans la loi actuelle, selon vous?

**M. Slaughter:** L'amende doit être supérieure à cela, n'est-ce pas!

**M. Arthur:** Non.

**M. Slaughter:** On m'a corrigé.

**M. Arthur:** L'amende, aux termes de la loi actuelle, est de 50 p. 100 *ad valorem*. Et dans la loi projetée, elle est la différence entre la valeur normale et le prix de vente.

**Le président:** Ce qui veut dire que dans le cas dont parle M. Arthur ce serait \$5.

**M. Hind:** Aux termes de la loi projetée, la marge de dumping est la différence entre la valeur normale et le prix d'exportation. Ce qui veut dire que le Revenu national doit percevoir la pleine somme du dumping. Aux termes de la loi actuelle, le Revenu national perçoit la différence entière, mais il ne faut pas que cela dépasse 50 p. 100 de la valeur des marchandises.

**M. Slaughter:** Donc, \$5.

[Text]

• 1610

**Mr. Hind:** No, sir. In other words, to take an example ...

**The Chairman:** Why do you not use Mr. Slaughter's example?

**Mr. Hind:** In taking Mr. Slaughter's example of a normal value of \$100, a selling price to Canada of \$90, the difference is \$10 which is the margin of dumping and National Revenue will collect \$10, under the new law and under the existing law. However, let me give you an example which will point up the difference. If the normal value is \$100 and the export price is \$40, the difference is \$60. Under the proposed law the Department of National Revenue will collect \$60, but under the existing law National Revenue is precluded from collecting any more than 50 per cent of the value, namely \$100, which means we can only collect at the present time \$50, whereas under the new law we will be able to collect \$60.

**The Chairman:** Are there any other questions, gentlemen?

**Mr. Hales:** I believe their point here, Mr. Chairman, is that they think the penalty is not high enough to stop dumping. Is that what is on your mind?

**Mr. Slaughter:** Yes sir.

**The Chairman:** I think, though, the government has to present a bill as they are obliged to do to meet with the undertaking we signed last year.

**Mr. Hales:** In this regard, Mr. Chairman, might I ask Mr. Lewis if any of their competitors are putting on extra pressure to fill orders to get them into Canada before the new legislation takes effect? In other words, are they trying to beat the gun? Is there any indication of this?

**Mr. Lewis:** From personal knowledge, sir, I cannot say that there is. Some of the members may have knowledge.

**Mr. Hales:** This would not be as true with machinery that takes one or two years to produce, but with something that could be produced in a month or two, it would be a different proposition.

**The Chairman:** Are there any further questions, either from the members or from the industry?

On your behalf, gentlemen, I would like to thank the Machinery and Equipment Manufacturers' Association of Canada for the pres-

[Interpretation]

**M. Hind:** Non, monsieur. Autrement dit, pour prendre un exemple...

**Le président:** Pourquoi ne pas reprendre l'exemple de M. Slaughter?

**M. Hind:** Bien. Soit une valeur normale de \$100, un prix de vente au Canada de \$90, la différence est de \$10. \$10 est la marge de dumping et le Revenu national percevra \$10 aux termes de la nouvelle comme de la loi existante.

Mais prenons un autre exemple qui donne une meilleure idée de la différence. Si la valeur normale est de \$100 et le prix d'exportation est de \$40 la différence est de \$60. Aux termes de la loi projetée, le Revenu national percevra \$60 et aux termes de la loi actuelle, le Revenu national ne pourra pas percevoir plus 50 p. 100 de la valeur, soit \$100 c'est-à-dire un maximum de \$50, alors que sous la nouvelle loi, ce sera de \$60.

**Le président:** Y a-t-il d'autres questions, messieurs?

**M. Hales:** On croit que la sanction n'est pas assez élevée pour mettre fin au dumping, n'est-ce pas?

**M. Slaughter:** C'est bien cela.

**Le président:** Le gouvernement doit présenter un projet de loi qui doit répondre aux engagements que nous avons signés l'an dernier.

**M. Hales:** Puis-je demander à M. Lewis si certains de leurs concurrents exercent des pressions pour passer des commandes au Canada avant que la loi entre en vigueur, est-ce que vous avez constaté des signes en ce sens?

**M. Lewis:** Moi, non, mais peut-être que certains de nos membres l'ont constaté.

**M. Hales:** Cela ne serait pas le cas pour des machines dont la production demande un ou deux ans. Mais il en irait tout autrement avec des rythmes de production d'un ou deux mois.

**Le président:** D'autres questions, messieurs du Comité ou de l'industrie?

En votre nom, messieurs, je remercie l'Association de la présentation de son mémoire sur le Livre blanc concernant l'antidumping.



## [Texte]

entation of their brief before this Committee on the White Paper on Anti-Dumping and to the representatives today for the excellent information given to the members.

**Mr. Lewis:** Thank you, Mr. Chairman, we appreciate the opportunity of being able to come to see you.

**The Chairman:** Thank you.

Members of the Committee, our next witness is Mr. Fulcher of Howden & Parsons, who will be followed by representatives of the Canadian Federation of Agriculture. As I mentioned to you this morning the representatives of the Canadian Federation of Agriculture are with us in the audience.

I will now ask Mr. Gillespie, our Vice-President, to take the Chair for the rest of the day. I would like to be excused by the other groups appearing before the Committee this afternoon, but over two months ago I accepted an engagement for tonight and I feel obliged to fill that engagement.

**The Vice-Chairman:** Gentlemen, I would suggest that we take a three-minute coffee break before we start again.

(After coffee break)

• 1624

**The Vice-Chairman:** Gentlemen, I would like to call our proceedings to order. I hope the short break we have had has refreshed us and that some coffee which should be up shortly will help to do the same thing. I have asked Mr. Fulcher, who is the representative of Howden & Parsons, to make an opening statement which he will do.

**Mr. J. H. Fulcher (Director and General Commercial Manager, James Howden & Parsons of Canada, Limited):** Thank you Mr. Chairman. Our brief of necessity contains some information about our company, particularly since we are new in Canada and in fact have only been manufacturing large steam turbo generators in Canada during the last three years.

James Howden and Parsons of Canada, Limited, welcomes the opportunity of presenting its views to the Commons Committee on Finance, Trade and Economic Affairs on the proposed anti-dumping legislation.

We have previously had the opportunity as part of the delegation from the Canadian Manufacturers' Association to appear before this Committee on November 22. Our views in this connection were of a more general nature and covered the broad spectrum of

## [Interprétation]

Nous remercions aussi les représentants des excellents renseignements qu'ils nous ont communiqués.

**M. Lewis:** Monsieur le président, nous vous remercions de l'occasion que vous nous avez fournie.

**Le président:** Messieurs, notre témoin suivant est M. Fulcher, de *Howden and Parsons*, suivi d'un représentant de la Fédération de l'agriculture. Comme je l'ai dit, les représentants de la Fédération de l'agriculture sont ici.

Je vais demander à M. Gillespie, notre vice-président, d'occuper le fauteuil pour le reste de la journée. Je vous prie de bien vouloir excuser mon absence, mais voici plus de deux mois j'ai accepté sur rendez-vous pour ce soir, et je me sens obligé de m'y rendre.

**Le vice-président:** Messieurs, nous pourrions nous arrêter pour deux ou trois minutes avant de reprendre la séance.

(Après la pause-café)

**Le vice-président:** Messieurs, la séance reprend. J'espère que la courte pause a eu des effets bienfaisants sur vous. On apportera le café dans quelques minutes et tout ira pour le mieux dans le meilleur des mondes.

Je demanderai au représentant de la *Howden and Parsons*, M. Fulcher, le premier témoin, de faire une première déclaration.

**M. J. H. Fulcher (Directeur et gérant commercial général de la James Howden and Parsons of Canada, Limitée):** Merci, monsieur le président. Dans notre mémoire, il y a des renseignements sur notre société, surtout parce que nous sommes nouveaux au Canada. Nous fabriquons des grands turbo-générateurs à vapeur depuis quelque trois ans.

La *James Howden and Parsons of Canada* Limitée se sent heureuse de pouvoir faire connaître son opinion au Comité des finances, du commerce et des questions économiques au sujet de la législation proposée antidumping.

Nous avons déjà eu l'occasion de comparaître devant le présent Comité en qualité de membres de la délégation de l'Association canadienne des manufacturiers le 22 novembre. Nos opinions à ce propos étaient de nature plus générale et couvraient l'ensemble

## [Text]

Canadian manufacturing operations and made specific reference to clauses of the proposed anti-dumping legislation. This presentation, however, is more specific. It concentrates on the practical aspects of day-to-day business negotiations and vagaries of the marketplace and the effect that the proposed anti-dumping legislation, together with Bill S-10, the amendments to the Customs Act, the new sections of the Customs Tariff and the regulations and the administration of these regulations will have from our ability to penetrate the Canadian domestic market and our opportunities for export.

## • 1625

James Howden & Parsons of Canada, Limited is situated on nearly 15 acres of property in Scarborough, Ontario and employs close to 500 highly skilled and professional people. It utilizes assets in Canada worth \$16 million. Prior to the formation in 1963 of Howden & Parsons, the parent company had been connected with the Canadian economy for 30 years.

In April, 1958 the first plant was opened in Canada. In 1963 a start of four extensions and the amalgamation of C. A. Parsons & Company of Canada Limited was undertaken. In 1967 a separate research company was formed and in 1968 another factory was commissioned also in Scarborough.

Last month one of our parent companies acquired another plant in Montreal. The Canadian involvement in the joint operations of the company during the last six years has been, we submit in the best interests and traditions of good corporate citizenship and has generated multi-million dollar sales. Orders on hand today and output in our plant since the merger of the Howden & Parsons companies is \$115 million.

Nous sommes une filiale canadienne de l'un des plus grands manufacturiers d'équipement de centrales électriques au monde, et nos transactions s'étendent à l'échelle mondiale. Nous sommes établis au Canada depuis peu d'années, mais tous nos efforts tendent à faire nôtres les habitudes et coutumes canadiennes, dans l'optique nord-américaine, mais sans perdre de vue le marché mondial.

Comme vous pouvez le constater, nous faisons tout notre possible pour devenir de véritables citoyens canadiens, et nous ne négligeons pas non plus le côté linguistique. Dans le dernier pays où j'ai travaillé j'ai eu l'occasion de me familiariser avec la langue et les personnes.

## [Interpretation]

des opérations des industries manufacturières canadiennes. Elles portaient aussi sur certains articles de la législation proposée antidumping. Toutefois, aujourd'hui, nous sommes plus précis. Nous nous concentrons sur les aspects pratiques des négociations au jour le jour et de l'inconstance du marché. Nous voulons aussi savoir si la législation proposée antidumping, le bill S-10, les modifications à la Loi sur les douanes, les nouvelles sections sur le tarif douanier ainsi que leurs nouveaux règlements et leur application nous permettront de pénétrer le marché canadien et nous donnera aussi de nouveaux débouchés d'exportation.

La *James Howden and Parsons of Canada* est située à Scarborough (Ontario) sur une propriété de 15 acres; nous avons 500 employés très spécialisés et un personnel intellectuel. Nous avons aussi 16 millions de dollars. Avant la formation de la *Howden and Parsons* en 1963, la société-mère travaillait dans l'économie canadienne depuis trente ans.

En 1963, nous avons ouvert quatre prolongations de notre usine et nous avons aussi amalgamé la *C.A. Parsons and Company of Canada Limited*. En 1967, une autre société de recherche a été formée et en 1968, nous avons ouvert une nouvelle fabrique à Scarborough.

Le mois dernier, une de nos sociétés-mères s'est portée acquéreur d'une autre usine à Montréal. La participation canadienne depuis six ans est dans nos meilleurs intérêts et traditions de civisme, et elle nous a permis de faire des ventes représentants des millions de dollars. Les commandes aujourd'hui et la production dans notre usine, depuis la fusion des sociétés *Howden and Parsons*, sont de l'ordre de 115 millions de dollars.

We are a Canadian subsidiary, one of the largest manufacturers of electrical power station equipment in the world. Our transactions are on an international level. We have been in Canada a few years only, but all our efforts are to become more and more Canadian within the North American context without losing sight of the international market.

As you can notice, we are doing our best to become true Canadian citizens and we are doing everything we can to become more bilingual. In the last country where I was I had the occasion to learn a new language and become acquainted with the local people.



## [Texte]

We are very proud now to be Canadians. The plant was formally opened by the previous Minister of Industry, the Honourable Charles M. Drury, in 1964. Since that time the company has generated business in Canada worth \$100 million. It has also placed substantial subcontracting work.

It has been established by professional economists, both in and out of the government, that the economic impact of our company's operations in Ontario is over \$84 million and in Quebec over \$16 million. Whilst we do not have at this time actual figures of the economic impact or economic multiplier factors used by the governments in other provinces, it has been estimated in addition to direct income the company is making a contribution to the Canadian economy of over \$300 million.

We now, therefore, urge the government to allow us to be helpful, particularly in the day-to-day operations of the proposed anti-dumping legislation. We, like the government, are a real part of the industrial revolution now being waged in Canada. We know what is going on in the marketplace. We have experts, some individuals with over 30 years experience in the Canadian market, who can immediately spot dumping or trading practices which could injure our industry.

We are particularly impressed with the proposal from the Assistant Deputy Minister of Finance appearing before the Commons Committee recently that Canadian producers who lose out on contracts because foreign goods are being dumped in Canada and causing injury to Canadian manufacturers may get a second chance to bid on contracts, as a result of the proposed Anti-dumping Bill.

## • 1630

In our brief to the Committee dated November 12, 1968, we commented on the requirement that injury to a Canadian producer must be proven before the government would act. We also inquired how the government proposed to arrange it so that necessary information was available concerning prices of imported goods. If the answer to our concern in this regard is the statement reported by the Assistant Deputy Minister of Finance, then this would be the most practical step taken by the government to assist industry.

However, we are not clear how the government would carry out this activity and of even more interest how the information would be available to Canadian producers. Currently the onus is on the Canadian manufacturer to prove injury. We think this should be reversed and the onus placed on the government to advise the manufacturer that

## [Interprétation]

Maintenant, nous sommes très fiers d'être canadiens. L'usine a été ouverte par l'ancien ministre de l'Industrie, l'honorable Charles Drury, en 1964. Depuis, nous avons une entreprise qui vaut 100 millions de dollars au Canada. En outre, il y a des sous-traitants importants.

Des économistes professionnels du gouvernement et de l'industrie privée ont prouvé que les répercussions économiques des opérations de notre société sont de plus de 84 millions de dollars en Ontario et de 16 millions de dollars au Québec. A l'heure actuelle, nous n'avons pas les chiffres sur l'influence économique ou sur les facteurs étudiés par le gouvernement dans d'autres provinces, mais cela est ajouté au revenu net. Nous contribuons environ 300 millions de dollars à l'économie canadienne.

Donc, nous demandons instamment au gouvernement de nous permettre d'être utiles, notamment dans les opérations quotidiennes du projet de loi sur l'antidumping. Comme le gouvernement, nous faisons partie de la révolution industrielle du Canada. Nous savons ce qui se passe sur le marché, nous avons des spécialistes qui ont plus de trente ans d'expérience et qui peuvent empêcher le dumping ou certaines pratiques commerciales qui peuvent causer du préjudice à notre production.

Nous sommes vivement intéressés par la proposition du sous-ministre adjoint des Finances, selon laquelle les producteurs canadiens qui perdent des contrats parce qu'il y a dumping de marchandises étrangères, au Canada, au préjudice des manufacturiers canadiens, peuvent avoir une deuxième chance de faire des soumissions, en vertu du projet de loi antidumping.

Dans notre mémoire du 12 novembre 1968, nous avons dit que ce qui porte préjudice aux industries canadiennes doit être prouvé avant que le gouvernement puisse agir. Nous avons aussi demandé comment le gouvernement se propose d'organiser cela, pour qu'on puisse obtenir des renseignements sur le prix des marchandises importées. Si la réponse à notre demande est cette déclaration du sous-ministre adjoint des Finances, ce serait alors la mesure la plus utile prise par le gouvernement pour aider l'industrie.

Toutefois, nous ne savons pas exactement comment le gouvernement agira et nous ne savons pas non plus comment les producteurs canadiens connaîtront ces informations. Les manufacturiers canadiens doivent généralement prouver qu'il y a eu préjudice. Je pense que c'est plutôt le gouvernement qui devrait renseigner les fabricants sur l'existence du

[Text]

dumping is or has taken place and that the government proposes to do something about it. The closest co-operation between government and industry is essential from this point on.

We have heard the Department of National Revenue say they are now adequately staffed to cope with the new responsibilities and workload. We hope that they have also received budget approval for a publicity department. In our view the Department of National Revenue, Customs and Excise Division, has contributed more to the establishment of secondary industry in Canada than any other single or multiple arm of government in the last several years. In fact, it was responsible for us having now three plants in Canada.

In conclusion, we believe that the proposed legislation will work if carried out in good faith, but it must be a continuous co-operative effort. As far as our company is concerned if this faith is shaken we will surely be assisting in the preaching of a new gospel.

Thank you, Mr. Chairman.

**The Vice-Chairman:** Thank you Mr. Fulcher. Gentlemen, I would propose for the purposes of considering this brief that we turn to page 10 of the brief where the company has summarized its concerns. We might want to add one or two notes to this such as the onus with respect to the determination of dumping being placed on the government that Mr. Fulcher made in his remarks and the other subject he raised which, I think, is related to one of the four concerns, the question of re-bids.

Before starting with our discussion I would like to give the officials an opportunity to discuss or make any comment on Mr. Fulcher's remarks and on the brief. Following that we will have some discussion about the suggestion I have just made. Mr. Arthur and Mr. Hind, have you any suggestions or comments to make on the remarks of Mr. Fulcher or his brief?

**Mr. Arthur:** Mr. Chairman, Mr. Fulcher has quoted some of the evidence that was previously given by Mr. R. Y. Grey and I take it that Mr. Fulcher is aware of the circumstances under which Mr. R. Y. Grey made that statement.

**Mr. Fulcher:** No, Mr. Chairman, I am not. I would like to have it explained to me because it was put in the press and picked up by British and foreign companies who said this

[Interpretation]

dumping, et qu'il se propose d'agir. La collaboration la plus étroite entre le gouvernement et les industries est essentielle.

Les représentants du ministère du Revenu national nous ont dit qu'ils avaient maintenant tout le personnel voulu pour faire face à ces nouvelles responsabilités. Nous espérons qu'on a aussi approuvé les crédits qu'ils ont demandés pour la publicité. A notre avis, le ministère du Revenu national, Division des douanes et accise, a contribué plus que tout autre organisme du gouvernement à la création d'industries secondaires au Canada, ces dernières années.

En fait, c'est grâce à ce ministère que nous avons maintenant trois usines ici.

En terminant, je tiens à dire que le projet de loi, s'il est appliqué en toute bonne foi, doit être un effort soutenu de collaboration.

Et dans notre cas, si nous ébranlons cette bonne foi, nous aiderons sûrement à établir de nouveaux principes. Merci, monsieur le président.

**Le vice-président:** Messieurs, pour étudier le mémoire, je vous propose de passer à la page 10, où la compagnie a résumé ses questions. Nous voulons ajouter une ou deux notes à cela au sujet de la détermination du dumping. M. Fulcher dit que le gouvernement devrait être responsable et il a aussi soulevé d'autres points au sujet de l'une de ces quatre questions, les deuxièmes soumissions.

Avant d'entreprendre la discussion, je voudrais permettre aux fonctionnaires de faire des commentaires sur les observations de M. Fulcher et sur le mémoire aussi; ensuite, nous discuterons la proposition que je viens de faire. Monsieur Arthur et monsieur Hind, avez-vous des suggestions ou des commentaires à faire sur les observations de M. Fulcher ou sur son mémoire?

**M. Arthur:** Monsieur le président, M. Fulcher a cité certains témoignages qui ont été donnés par M. Gray et je pense que M. Fulcher connaît bien les circonstances dans lesquelles M. Gray a fait cette déclaration.

**M. Fulcher:** Non, je ne les connais pas. Je voudrais qu'on me l'explique. Cela a été recueilli dans les journaux par des compagnies britanniques et étrangères et je ne



[Texte]

was a change from the proposal as they understood it and I do not think the British and other importers are very happy about that. We would be very happy.

**Mr. Arthur:** Mr. Chairman, as I understand the context in which Mr. R. Y. Grey made this statement, it had reference to the provisions in the Bill which make it possible to determine a liability for dumping at the time of sale or at the time a contract is completed. This relates to clause 3 on page 44 where it says:

There shall be levied, collected and paid upon all dumped goods entered into Canada in respect of which the Tribunal has made an order or finding, before the entry of the goods, that the dumping of goods of the same description

(a) has caused, is causing or is likely to cause...

● 1635

As the proposed legislation relates to sale rather than the time of importation as under the present legislation, in the case of the contracts that I believe the witness' company is interested in—heavy electrical products which are often contracted well in advance of delivery—under the proposed legislation it is possible if the terms and conditions of the contract are known to establish a liability at that point of time and if those conditions prevail at the time of importation, dumping duty would be assessed.

**Mr. Fulcher:** Mr. Chairman, thank you very much for the explanation which was very clear. The only comment I have to make on it is how do we go about this when we know such a condition has occurred. Is it any different from the current situation whereby in the event that we believe dumping has occurred and injury which is related to it has occurred, do we advise the Department of National Revenue (Customs and Excise) in the normal course of events and if that is correct, if we do, what is the next step? Is the client advised that there might be a liability established for future importations, say, three to five years hence?

**Mr. Hind:** Mr. Chairman, on page 6 of the brief it is stated:

The proposed legislation will require domestic producers to prove that dumping has taken place...

I think it might relieve Mr. Fulcher's mind if I tell him that it is not necessary for the complainant to prove injury. If one turns to

[Interprétation]

pense pas que les Britanniques et les autres importateurs soient très contents de cela.

**M. Arthur:** Monsieur le président, si je comprends bien le contexte dans lequel M. Gray a fait sa déclaration, il parlait des dispositions contenues dans le projet de loi, qui permettent de déterminer qui est le responsable du dumping au moment de la vente ou lorsque le contrat est exécuté. Cela se rapporte à l'article 3, page 44 du Livre blanc où l'on dit que:

3. Il est levé, perçu et payé sur toutes les marchandises sous-évaluées entrées au Canada pour lesquelles le Tribunal a rendu une ordonnance ou pris des conclusions, avant l'entrée des marchandises, portant que le dumping des marchandises de la même sorte

a) a causé, cause ou est susceptible de causer un préjudice...

Dans le projet de loi, on parle des ventes au lieu des dates d'importation, comme on le fait dans la loi actuelle. Dans le cas des contrats, et je pense que la compagnie du témoin s'intéresse à l'équipement électrique lourd, ce sont des contrats qui sont signés longtemps avant la livraison; selon le projet de loi, si les conditions du contrat sont connues, cela créant ainsi une responsabilité, et si les conditions existent encore au moment de l'importation, il est possible que les droits de dumping soient prélevés.

**M. Fulcher:** Merci beaucoup de votre explication qui est très claire. Ce commentaire que j'ai à faire est le suivant: comment faisons-nous lorsque nous savons que cela se produit? Est-ce différent lorsqu'on pense que le dumping s'est produit et que le préjudice qui s'y rapporte a eu lieu? Est-ce que nous devons avertir le ministère du Revenu national, (douanes et accise)? Si oui, quelle est la mesure suivante à prendre? Dit-on au client qu'il y a une responsabilité d'établie pour les importations à venir, disons, dans trois ou cinq ans?

**M. Hind:** Monsieur le président, à la page 6 du mémoire, on déclare que:

le projet de loi exigera que les producteurs du pays prouvent qu'il y a eu dumping.

Cela soulagera sûrement M. Fulcher si je lui dis qu'il n'est pas nécessaire que le plaignant prouve qu'il y a eu préjudice. Si on

[Text]

clause 13(1) of the White Paper on page 58, it will be noted that all that is required is that the Deputy Minister be furnished with sufficient evidence to indicate to him that there is a likelihood of dumping being found.

Now, this being new legislation, the Department of National Revenue does not have fixed and final ideas as to the nature of the evidence that will be required. It will vary from case to case.

We do know, and I am speaking in general terms now, that there are trade publications that are available to cover certain commodities. I have a list of publications that are available in the world to cover a great variety of articles, many of which contain information as to prices. This is always very, very useful in indicating what the domestic price is in a given country of export. Now, this would be useful to us.

Secondly, many associations have a very fine organization in the sense that it is able to ferret out domestic selling prices in the country of origin. In the case of the heavy electrical industry they have been able to come forward to us with very detailed information on the prices quoted by named companies in different countries. Along with the prices quoted they have been able to tell us which company was the successful tender. They have been able to give us the prices at which Canadian companies have offered to take the business. We hope this information will continue to be forthcoming.

I would like to assure the witness that we do not intend to be harsh in our administration, particularly at the beginning because we know that the complainants as well as the Department of National Revenue are breaking new ground. We would like to give our assurance that we intend to be as reasonable as possible in the amount of information that is required in respect of dumping.

**Mr. Gray:** Thank you, Mr. Chairman. Mr. Hind, you confirmed that someone with a complaint should come, as before, to the Department of National Revenue and further contact on the matter would be through the Department unless and until it is necessary for a hearing to take place before the injury Tribunal.

• 1640

**Mr. Hind:** Yes sir, Mr. Chairman. That was the second part of Mr. Fulcher's question and the answer is, as Mr. Gray has indicated, that we of the Department of National Revenue will be hoping that the complainants will continue to come to the Department of National Revenue with as full a case as possible fol-

[Interpretation]

lasse à l'article 13(1) du Livre blanc, page 58, on remarquera qu'on exige tout simplement que le sous-ministre ait des éléments de preuves suffisants qui lui indiquent qu'il semble y avoir dumping.

Comme il s'agit d'une nouvelle loi, le ministère du Revenu national n'a pas d'idée fixe et définie sur la nature des témoignages nécessaires: cela variera d'un cas à l'autre.

Nous savons, et je parle de façon générale, qu'il y a des publications sur le marché pour certaines marchandises. J'ai une liste de publications qui sont publiées dans différents pays et qui traitent d'une grande variété de produits. Plusieurs comprennent des renseignements sur les prix. C'est très utile pour indiquer le prix des marchandises dans le pays d'exportation. Cela nous serait très utile.

Deuxièmement, plusieurs associations ont d'excellentes organisations, c'est-à-dire qu'elles peuvent évaluer le prix de vente des pays d'origine. Dans le cas de l'industrie électrique lourde, on a pu nous donner des renseignements très détaillés sur les prix établis par les compagnies de différents pays. En plus des prix établis, on nous dit quelle compagnie a obtenu le contrat. On nous donne aussi les prix établis par les Canadiens. Nous espérons que nous recevons encore ces renseignements.

Je voudrais assurer le témoin que nous n'avons pas l'intention d'avoir une administration rigide, surtout au début, car nous savons que les plaignants, ainsi que le ministère du Revenu national, s'engagent dans une nouvelle voie. Nous voulons vous assurer que nous serons aussi raisonnables que possible en demandant des renseignements au sujet du dumping.

**M. Gray:** Merci, monsieur le président. Monsieur Hind, vous avez dit qu'une personne qui veut porter plainte doit s'adresser, comme auparavant, au ministère du Revenu national, et que tout doit ensuite passer par le ministère, à moins qu'il ne soit nécessaire de s'en référer au Tribunal.

**M. Hind:** Oui, monsieur le président, c'est la deuxième partie de la question de M. Fulcher. La réponse est la suivante: M. Gray a indiqué qu'au ministère du Revenu national, nous espérons que les plaignants continueront de venir au ministère et de nous apporter autant de détails que possible, après quoi, le



[Texte]

lowing which the Deputy Minister will then pick up the case and take whatever action he feels is warranted under the circumstances.

**The Vice-Chairman:** Gentlemen, can we now go back to the suggestion I made? May I have your comments on the manner in which we should proceed?

**Mr. Gray:** Mr. Chairman, I think your suggestion was well founded. However, I think to look at the specific topic referred to by the witness on page 10 of his brief, we really would have to start back on page 6 which actually we have already done. I would suggest that to carry out your wishes, we be allowed to also look back at pages 7, 8 and 9 which would help us to understand what the witness is striving at.

**The Vice-Chairman:** It was my intention that we should be able to refer back, Mr. Gray, but that we should focus our discussion around these topics and deal with them one at a time in this way.

**Mr. Gray:** Without taking too much time on this point, I am not sure if the organization of the witness' brief is such that it would be easy to refer to specific comments and relate them to the points which you mentioned in the order he put them down on the page, but I suppose we can attempt to do so.

**Mr. Hales:** Mr. Fulcher, no doubt you have been listening to some of the—

**The Vice-Chairman:** Mr. Hales, are you speaking to this particular suggestion we have before us?

**Mr. Hales:** On page 7.

**The Vice-Chairman:** We were dealing with the procedural matter, first.

**Mr. Hales:** Sorry, let us settle the procedural matter, first.

**The Chairman:** Right.

**Mr. Gray:** I think perhaps we all agree with what we want to do. If we start around the bottom of page 6 and keep going we will, in fact, accomplish what you want because the first five and three-quarter pages of the witness' brief provide very good—

**The Vice-Chairman:** Gentlemen, we are on the bottom of page 7.

**Mr. Hales:** I am a little towards the top, Mr. Chairman, but it is the second paragraph—

**The Vice-Chairman:** We are on page 7.

[Interprétation]

sous-ministre étudiera la cause et prendra les mesures qu'il jugera appropriées.

**Le vice-président:** Pourrions-nous revenir à la proposition que j'ai faite et obtenir vos remarques au sujet de la procédure?

**M. Gray:** Vos remarques sont bien fondées, monsieur le président. Mais pour étudier la question soulevée par le témoin à la page 10 de son mémoire, nous devrions revenir à la page 6, que nous avons déjà étudiée. Pour accéder à vos désirs, je propose que nous revenions aux pages 7, 8 et 9, ce qui nous aiderait à comprendre ce que le témoin recherche.

**Le vice-président:** Mon intention, c'est que nous revenions en arrière, monsieur Gray, mais que nous centrons notre discussion sur ces sujets, que nous les traitons un à un.

**M. Gray:** Je ne sais pas si le mémoire se prêtera à ce genre de procédure, mais nous pouvons essayer.

**M. Hales:** Monsieur Fulcher, sans doute que vous avez écouté...

**Le vice-président:** Est-ce que vous parlez du point que nous sommes en train d'étudier?

**M. Hales:** Oui, à la page 7.

**Le vice-président:** Nous allons parler de la procédure d'abord.

**M. Hales:** Réglons ce point de procédure d'abord.

**Le vice-président:** Bien.

**M. Gray:** Si nous commençons au bas de la page 6 et que nous continuons ainsi, le mémoire du témoin...

**Le vice-président:** Messieurs, nous en sommes au bas de la page 7.

**M. Hales:** Plutôt au haut de la page, monsieur le président, deuxième paragraphe.

**Le vice-président:** Nous sommes à la page 7.

[Text]

**Mr. Hales:** —on page 7. Mr. Fulcher, no doubt you have heard some of the briefs that have been presented or have read the proceedings and if so, I wonder if you still are of the opinion as stated in your second paragraph:

It is our view that the proposed legislation takes some of the teeth out of the old anti-dumping laws.

**Mr. Fulcher:** Mr. Hales, I took heart from some of the matter I read in the newspapers. At some of the meetings I attended there were some conflicting views. I find that I have not really changed the opinion I expressed in the second paragraph on page 7, because yesterday I asked one of our British contractors who is studying the legislation before this Committee what he thought about it. His answer was: "It is great." Therefore, I felt discouraged.

**Mr. Gray:** Mr. Fulcher, would you prefer the opinion of somebody who is 5,000 miles away and is following this legislation through the press to the opinions of officials of the government who spend a life time specializing in these matters?

**Mr. Fulcher:** I am a Canadian, Mr. Gray. I prefer to think that Canada is ahead of the game. Someone suggested this morning that Canadian manufacturers are not naive. I have had a lot of experience on both sides of the water. I take heart in Canadian legislatures and legislation. I have had 10 years experience in the federal government in a senior capacity. I sincerely believe that Canadian government officials are doing their very utmost with this very difficult legislation.

To answer your question specifically, I would prefer that the opinions of Canadian government officials were of such a degree that they would prevent people on the other side of the Atlantic or elsewhere from feeling that it would be an easy situation to bring goods into Canada. As I mentioned yesterday, they did not change their opinion from that which I gave to you.

• 1645

**Mr. Gray:** Perhaps you had better subscribe to the printed proceedings of the Committee and send them over special delivery.

**Mr. Fulcher:** They would go faster than I get them sir. They are collected by the British High Commissioner's office and go by diplomatic pouch every day they are published.

**Mr. Gray:** If they turn out to be mistaken and somewhat misguided in their interpretation, they do so at their own risk.

[Interpretation]

**M. Hales:** Page 7. Monsieur Fulcher, sans doute que vous avez écouté les mémoires qui ont été présentés, ou que vous avez lu le compte rendu, et je me demande si, dans ce cas, vous pensez toujours comme votre deuxième paragraphe qui dit que:

Nous sommes d'avis que le projet de loi rend l'ancienne loi antidumping inefficace.

**M. Fulcher:** Monsieur Hales, j'ai été encouragé par certaines choses que j'ai lues dans les journaux et dans les comptes rendus des séances du Comité. Je n'ai pas vraiment changé d'opinion; je pense toujours ce que j'ai exprimé au deuxième paragraphe de la page 7, parce qu'hier, un de nos clients britanniques, qui étudie votre projet de loi, m'a dit: «c'est un très bon projet de loi». C'est ce qui m'a découragé.

**M. Gray:** Est-ce que vous préférez l'opinion d'une personne qui est à 5,000 milles d'ici à l'opinion des fonctionnaires du gouvernement, qui ont passé leur vie à étudier ces questions?

**M. Fulcher:** Je suis Canadien, monsieur Gray, et je préfère penser que le Canada est en avant dans cette affaire. Comme on l'a dit ce matin, les fabricants canadiens ne sont pas naïfs. J'ai beaucoup d'expérience des deux côtés de l'Atlantique. Je suis encouragé par les lois canadiennes, j'ai dix années d'expérience dans la Fonction publique. Je crois sincèrement que les fonctionnaires font tout de leur mieux relativement à ce projet de loi, qui est très difficile.

Pour répondre à votre question spécifiquement, je dirai que je préfère que les fonctionnaires canadiens agissent de telle sorte qu'ils empêcheront les gens de l'autre côté de l'Atlantique de penser qu'il est facile de duper le Canada. Comme je l'ai mentionné hier, leur opinion ne diffère pas de celle que je vous ai donnée.

**M. Gray:** Vous feriez peut-être mieux de vous abonner aux comptes rendus du Comité et de les envoyer outre-mer par exprès.

**M. Fulcher:** Ils les auraient avant moi, monsieur. Ils sont rassemblés par le bureau du Haut-commissaire britannique et envoyés par valise diplomatique chaque jour où ils sont publiés.

**M. Gray:** S'ils se trompent dans leur interprétation, ils le font à leurs propres risques.



[Texte]

**Mr. Fulcher:** I am delighted to hear this. I have suggested to them that they should not underestimate the proposals now before the Canadian government's Standing Committee on Finance, Trade and Economic Affairs.

**Mr. Hales:** If this is the case, did you ask them what part of the legislation was going to make it easy for them to export to Canada so we might plug some of these loopholes and protect our Canadian industry and our Canadian people in employment?

**Mr. Fulcher:** On many of the products we manufacture under licence from our parent companies, we have negotiated licensing agreements which prevent them selling into Canada unless we give prior permission. This then for a period of time prevents them selling like goods that we manufacture into Canada. However, it does not prevent our British competition coming in here. It is our British competition that I am more concerned with, particularly when there are mergers, combines and associations going on there that are very difficult to follow.

**Mr. Gray:** They would be subject to the Canadian law just like everyone else.

**The Vice-Chairman:** Gentlemen would you raise your hands if you want to speak so I can identify you.

**Mr. Gray:** Your British competition would be subject to the Canadian law like everyone else, as I have said. The present law does not forbid the importation of goods which exporters attempt to send over here at what turn out to be dumped prices, it merely calls for the imposition of additional duties under certain circumstances and subject to the provisions of this proposed Bill that we are studying, this will continue to be the case.

However, to be more specific, I notice in the first paragraph on page 7 you said:

... it is difficult to foresee Government checking all and every import for possible dumping, or deciding to take special steps at the request of every complainant.

Well, unless I am mistaken, the government at the present time does not check every import document for possible dumping and it does not take action at the request of every complainant. It carries out certain administrative procedures to the satisfaction of some and the dissatisfaction of others. I presume there is no intention to change that. Am I right, Mr. Hind?

**Mr. Hind:** Mr. Chairman, yes, that is correct.

[Interprétation]

**M. Fulcher:** Je suis heureux de l'entendre. Je leur ai fait savoir qu'ils ne devraient pas sous-estimer le projet de loi que le Comité des Finances, commerce et questions économiques du gouvernement est en train d'étudier.

**M. Hales:** Dans ce cas, leur avez-vous demandé quelle partie de la loi rendrait plus facile pour eux l'exportation au Canada, afin que nous puissions combler ces lacunes et voir à ce que nos gens au Canada aient de l'emploi?

**M. Fulcher:** D'abord, pour un grand nombre de produits que nous fabriquons, nous avons négocié des accords qui empêchent nos compagnies mères de vendre au Canada sans permission. Alors pour une certaine période, cela les empêche de vendre des produits semblables, à ceux que nous fabriquons au Canada. Cependant, cela n'empêche pas la concurrence britannique, et ce qui m'inquiète le plus, ce sont les concurrents britanniques, en particulier, surtout lorsqu'il y a des fusions et des associations qui sont difficiles à suivre.

**M. Gray:** Ils tomberaient sous le coup de la loi canadienne, comme n'importe qui.

**Le vice-président:** Voulez-vous lever la main quand vous voulez parler, afin que je puisse vous identifier.

**M. Gray:** Vos concurrents britanniques sont sujets à la loi canadienne comme tout le monde. La loi actuelle n'empêche pas l'importation de marchandises que des exportateurs essaient de vendre ici à des prix de dumping. Cette façon de procéder n'entraîne que l'imposition de nouveaux droits dans certaines circonstances et, en vertu de dispositions du projet de loi à l'étude en ce moment, ce sera la même chose.

Ce que je voudrais vous demander spécifiquement, au sujet du paragraphe 1 de la page 7, vous dites

il est difficile de prévoir que le gouvernement vérifiera toute et chaque importation susceptible de dumping ou décidera de prendre des mesures spéciales à la demande de chaque plaignant.

A moins que je ne me trompe, le gouvernement, à l'heure actuelle, ne vérifie toute importation susceptible de dumping et ne prend pas action à la requête de chaque plaignant. Le gouvernement fait son devoir dans certains cas, à la satisfaction de certaines personnes et au mécontentement d'autres. Ai-je raison, monsieur Hind?

**M. Hind:** Oui, c'est juste.

[Text]

**Mr. Gray:** Secondly, if I may deal with another part of page 7, Mr. Fulcher, you made some reference to the Anti-dumping Code and various paragraphs of it. Just to clarify things, this dumping Code is not legislation which is before this Committee for possible implementation by Parliament. The Code is an international agreement drafted in rather general language so that all the countries signing it can put its principles into effect, through legislation fitting their own legal systems, government structures and so on. What we are concerned with and in my opinion, reasonably happy with, is the draft Bill which forms the latter part of the White Paper. Parliament is not going to be making the Code into a Canadian law, it is going to be putting into law the draft Bill which is designed to carry out our undertakings under the Code. Am I right in that, Mr. Arthur?

**Mr. Arthur:** Yes, sir.

**Mr. Fulcher:** Yes, I understand this is so. I further understand that the initial draft legislation on the International Anti-Dumping Code was prepared by the British government about five years ago.

• 1650

**Mr. Gray:** If you are suggesting that our draft Bill was prepared by the British government, I think...

**Mr. Arthur:** The International Code.

**Mr. Gray:** ...you may be mistaken. They stopped doing that around 1867, I think, or they were supposed to have, at any rate.

**The Vice Chairman:** Gentlemen, can we turn to page 8. Are there any comments or questions on items on page 8?

**Mr. Gray:** Could I ask Mr. Hind if it is correct that the names of complainants will be kept confidential?

**Mr. Hind:** Mr. Chairman, at the present time we do not make a practice of publicizing very much information in connection with complaints received, including the name of the complainant. As to what the future holds, that is the Regulations under the new legislation, I think that no decision has as yet been reached by the draftsmen.

Certainly the proposed Bill does require that certain notice be given, including notification in the *Canada Gazette* at perhaps four or five stages of the transaction, but I do not think that a decision has yet been reached

[Interpretation]

**M. Gray:** Deuxièmement, une autre phrase, à la page 7, m'inquiète: vous avez parlé du code antidumping et à plusieurs reprises. Pour élucider cette question, le code antidumping n'est pas la loi que le Comité étudie en vue d'une application possible par le Parlement. Il s'agit d'un accord international qui est couché en termes généraux, afin que tous les pays signataires puissent en appliquer les principes par une législation convenant à leur propre système juridique et gouvernemental. La législation dont nous devons nous contenter, c'est l'avant-projet de loi qui est expliqué dans le Livre blanc. Le Parlement ne fera pas du code une loi canadienne; l'avant-projet vise à l'application du code antidumping au Canada. Est-cela, monsieur Arthur?

**M. Arthur:** Oui, monsieur.

**M. Fulcher:** Je comprends qu'il en est ainsi. Je comprends de plus que l'avant-projet de loi ou le code international antidumping a été préparé par le gouvernement britannique, il y a cinq ans.

**M. Gray:** Je ne sais pas si vous suggérez que notre avant-projet de loi a été préparé par le gouvernement britannique, je pense...

**M. Arthur:** Le code international...

**M. Gray:** ... je pense que vous vous trompez. Ils ont cessé de faire cela vers l'an 1867, ou ils étaient supposés l'avoir fait, à tout événement.

**Le vice-président:** Maintenant, pouvons-nous passer à la page 8. Est-ce que vous avez des questions ou des remarques à faire au sujet des paragraphes qui figurent à la page 8?

**M. Gray:** Je demanderais à M. Hind s'il est juste que les plaintes seront confidentielles?

**M. Hind:** Monsieur le président, à l'heure actuelle, il n'est pas d'usage de donner beaucoup de renseignements au sujet des plaintes reçues, y compris le nom des plaignants. Pour ce qui est de l'avenir des règlements qui s'appliquent à la nouvelle loi, on n'a pas encore pris de décision.

Certainement que le projet de loi exige que l'on donne un certain avis, y compris un avis dans *La Gazette du Canada*, à quatre ou cinq étapes de la transaction, mais je ne pense pas qu'on ait encore pris une décision en ce qui



## [Texte]

as to the content of the notice. I do know that in some countries the name of the complainant is, indeed, given as well as the name of the exporter and the name of the importer. Now, whether Canada will decide to do this, I do not know at the moment and I do not think anyone knows.

**Mr. Gray:** It was my understanding that strong arguments could be made for continuing the present practice of keeping the names confidential and representation such as yours will certainly be given every consideration. However, I wanted to ask whether under the conditions of normal commercial practice it would be possible to carry out the witness' suggestion that dumping duty be applicable at least four weeks ahead of the scheduled time for contract placement. With my limited knowledge of these matters, I find it difficult to see how this proposal could be practical either from the point of view of customs administration or business practice.

**Mr. Arthur:** Mr. Chairman, I would have to agree with what Mr. Gray has just said. As we mentioned earlier this afternoon, it is only possible to determine whether dumping has or may take place at the time of sale or at the time a contract has been let. Under those circumstances I do not see how it would be possible to meet this suggestion.

**Mr. Gray:** Also, on page 9 the witness made a recommendation that public utilities be asked to ensure public disclosure of any set of competitive bids under certain circumstances. Since none of these public utilities would be likely to come under federal jurisdiction—under the jurisdiction of the federal Parliament—I am not sure whether it would be possible, even though one can see the usefulness of such a proposal, for the federal government to compel such an action.

**Mr. Fulcher:** I would like to refer back, Mr. Chairman, to the remark Mr. Arthur made about the difficulty in determining that dumping had occurred on a contract four weeks before its placement. I want to remind you that these contracts take up to six months to estimate. For example, the Pickering Generating Station for which we have the contract, took six months and \$35,000 to tender the job. It took Ontario Hydro and Atomic Energy of Canada Limited nearly four months to evaluate the tenders. Eventually, then, they had five levels of prices. It was some two months after the evaluation that the Ontario Hydro and Atomic Energy of Canada Limited, because there were federal funds involved in this particular project—\$80 mil-

## [Interprétation]

concerne le contenu ou la teneur de l'avis. Je sais que dans certains pays, le nom du plaignant est donné aussi bien que le nom de l'exportateur et celui de l'importateur. Je ne sais pas si le Canada décidera d'agir de la sorte. Je ne le sais pas. En ce moment, je pense que personne ne le sait.

**M. Gray:** Si j'ai bien compris, on pourrait donner de bons arguments pour perpétuer la pratique présente et on donne la meilleure considération à des propositions telles que celles que vous avez faites. Mais dans les conditions normales du commerce je me demande s'il ne serait pas possible d'appliquer la suggestion du témoin que la décision soit applicable au moins quatre semaines avant le temps de la signature du contrat. Mes connaissances en cette matière sont limitées et il m'est difficile de voir comment cette suggestion pourrait être pratique, tant du point de vue administratif des douanes qu'au point de vue affaires.

**M. Arthur:** Monsieur le président, je suis d'accord avec ce que M. Gray a dit. Comme nous l'avons dit plus tôt cet après-midi, il est possible de déterminer s'il y a eu dumping ou non. Il peut se produire seulement au moment de la vente ou au moment où le contrat a été assigné, et dans les circonstances, je ne vois pas comment il serait possible d'acquiescer à cette suggestion.

**M. Gray:** A la page 9 aussi, on recommande que les services d'utilité publique soient obligés de voir à ce qu'il y ait publication de toutes les offres de prix faites en certaines circonstances. Comme aucun de ces services d'utilité publique n'est de juridiction fédérale, je ne suis pas certain s'il serait possible au gouvernement fédéral de forcer les gens à faire cela et je n'en vois pas l'utilité.

**M. Fulcher:** Monsieur le président, je voudrais revenir à la remarque de M. Arthur relativement à la difficulté de déterminer s'il y a eu dumping dans un contrat, quatre semaines avant sa signature. Je voudrais vous rappeler que ces contrats prennent environ six mois à étudier. Par exemple, nous avons un contrat avec *The Pickering Generating Station* et nous avons mis six mois et dépensé \$35,000 pour préparer l'offre. Il a fallu presque six mois à l'*Ontario Hydro* et *L'énergie atomique du Canada* pour évaluer les offres, et ensuite il y a eu cinq niveaux de pratique. C'est environ deux mois après l'évaluation, que l'*Ontario Hydro* et *L'énergie atomique du Canada*, par le fait que le gouvernement fédéral subventionnait ce projet de \$80 millions,

[Text]

lion worth—placed the contract. There was ample time after the tenders had been received, and evaluated, prior to contract placement, to determine if dumping duty would have occurred in the event that the successful contractor was an importer, or a significant importer.

• 1655

**Mr. Gray:** There might have been time to do so, but my point, Mr. Fulcher, is what reasonable opportunity was there for...

**Mr. Hales:** Let him finish.

**Mr. Gray:** Oh, I am sorry, I thought he was finished.

**Mr. Fulcher:** I think, perhaps, it may be necessary for me to explain to you what these contracts involve.

They involve in this particular case \$300 million worth of work of which we have just about \$50 million. It involves the evaluation of the source of supply of equipment. After the source of supply of equipment has been established, one then knows the Canadian content. We will assume, for the moment, that the Canadian content is not under scrutiny, but the imported content might be. We, like many other heavy electrical manufacturers who shall be nameless at this point because they are our competition, are given an allowance for manufacturing in Canada equal to the landed price of imported components from their parent or owner's factories. Therefore, we are most interested in ensuring that our owner's factories supply goods at the full value price and for the full duty.

Now, in our view—and this is why we have stated it. I certainly could do it and my staff could do it—we could determine how much of this equipment would be dumped from our knowledge of the market and what the price levels were. My suggestion is only for the consideration of this Committee because if you did this, you would immediately place, in many instances, millions of dollars worth of material purchases in Canada and hundreds of thousands of man hours. Imagine that we hire staff to manufacture this kind of equipment—Canadians who are trained in the new techniques of helium welding and so on—using new techniques which have not, until recently, been known in Canada. The man comes to us and says: "Well, how long is this job going to take?" We say: "Here is your clock number, here is your job number, clock on it from four to five years." He learns that number like his own name. If we do not take notice of this he will lose this business and I

[Interpretation]

signèrent le contrat. Il y eut suffisamment de temps après la réception des offres et leur évaluation, antérieurement à la signature du contrat, pour déterminer s'il y avait eu dumping au cas où l'entrepreneur serait un importateur ou un importateur d'importance.

**M. Gray:** Il y avait peut-être assez de temps, mais je me demande, monsieur Fulcher, quel délai raisonnable y avait-il pour...

**M. Hales:** M. Fulcher n'a pas fini.

**M. Gray:** Excusez-moi, je croyais qu'il avait terminé.

**M. Fulcher:** Il serait peut-être nécessaire de vous expliquer ce que ces contrats entraînent.

Dans ce cas, en particulier, il s'agit de \$50 millions de travail. Il faut évaluer aussi la source d'approvisionnement d'équipement, et après avoir déterminé celle-ci, on sait quelle est la teneur en produits canadiens. Nous présumons que la teneur canadienne n'est pas en doute, mais que ce sont les importations que nous devons considérer.

Comme plusieurs autres fabricants de produits électriques lourds, dont je tairai les noms pour le moment, car ils sont nos concurrents, nous recevons une allocation, pour les produits fabriqués au Canada, égale au prix payé à l'arrivée des pièces constitutantes reçues de leurs compagnies-mères. Par conséquent, ce qui nous intéresse, c'est de nous assurer que nos compagnies-mères nous vendent des marchandises au plein prix et pour le montant total des droits.

Je pourrais, et mon personnel le pourrait aussi, déterminer quelle partie de cet équipement serait du dumping, d'après nos connaissances du marché, et quels sont les prix courants. Si on faisait cela, vous pourriez placer des millions de dollars de marchandises et des centaines de mille heures-hommes. Si nous demandions à notre personnel de fabriquer cet équipement, nous devrions former une main-d'œuvre spéciale pour appliquer des techniques qui ne sont pas encore connues au Canada. On vient nous demander : «Combien de temps est-ce que le travail va prendre?» Nous disons : «Voici un numéro, servez-vous-en pendant quatre ou cinq ans.» Il sait ce numéro comme son propre non. Si on ne tient pas compte de cela, on perd la commande, et je veux dire littéralement : la perdre.

Dans notre petit mémoire, nous avons dit que nous n'avons que six à huit contrats par année. Nous essayons d'en avoir au moins la moitié.



[Texte]

mean lose it. Earlier in this small brief of ours I think we said that there are only six to eight contracts a year. Let us try to get half of them, anyway.

**Mr. Gray:** Did you say there are four to five years between the signing of the contract and the beginning of the delivery into Canada?

**Mr. Fulcher:** At this point in time, yes. We are now tendering for a contract closing at the end of December for the very largest types of turbines, 700 and 800 megawatts. Some of these machines will be nearly as big as this West Block when they are finished. These will take 7 years to build.

**Mr. Gray:** Under the proposed law the determination of dumping would have to take place within 90 days of the date of signing of the contract. Is that right?

**Mr. Fulcher:** Yes, sir.

**Mr. Gray:** Unless the retroactivity part comes into play.

**Mr. Arthur:** Mr. Chairman, a liability can be determined once the conditions of the contract are known. I would assume in the example that has been cited that the determination of dumping and the liability for dumping would be known and would affect such a contract. I think, here really the difference between what is provided in the legislation and what the witness is suggesting is the difference between prior to the contract being let, and as is provided here "at the time of the contract".

**The Vice-Chairman:** Mr. Fulcher?

• 1700

**Mr. Fulcher:** Yes, you are quite correct. The utility commissions in Canada, who have plants in many cases right across the country, are viewing this White Paper, like many other people, very carefully. Suggestions have been made that tender documents contain clauses such as this: "The tender price quoted includes "X" per cent imported components at a value of "X" dollars; any variation in this will be to the importer's account." Therefore, the public utility corporations are placing the onus back on the importer. The importer, however, when he is trying to get a contract is unlikely to advise his client that he might get stuck with dumping duty.

**Mr. Arthur:** Mr. Chairman, whether or not he does advise them so, I think we have dealt with this case on a number of occasions in this Committee. I take it that the witness is

[Interprétation]

**M. Gray:** Vous nous avez dit qu'il s'écoule environ quatre ou cinq ans entre la signature du contrat et le commencement des livraisons au Canada?

**M. Fulcher:** Oui, en ce moment c'est la situation. Nous faisons des offres pour un contrat qui se termine à la fin de décembre de cette année, pour les plus grandes turbines qui existent, de 700 à 800 megawatts. Quelques-unes de ces machines seront aussi grosses que l'immeuble de l'Ouest. On mettra sept ans à construire ces turbines.

**M. Gray:** D'après le projet de loi, le détermination de dumping devrait se faire dans un délai de 90 jours de la date de la signature du contrat, est-ce que j'ai raison?

**M. Fulcher:** Oui, monsieur.

**M. Gray:** A moins qu'il ne se pose la question de rétroactivité.

**M. Arthur:** Monsieur le président, on peut déterminer la responsabilité lorsque les conditions du contrat deviennent connues, et je présume, dans l'exemple qu'on a donné, que la détermination du dumping et la responsabilité du dumping seraient connues et affecteraient un contrat de ce genre. Je pense que la différence entre ce qui existe dans la loi et ce que le témoin suggère, c'est la différence entre la période qui précède la signature du contrat et la situation au moment du contrat.

**Le vice-président:** Monsieur Fulcher.

**M. Fulcher:** Oui, vous avez raison. Les commissions des utilités publiques au Canada examinent le Livre blanc, comme bien d'autres personnes, avec beaucoup de soin. Des suggestions ont été faites pour que les documents de soumission contiennent des articles comme celui-ci: «Les prix cités comprennent X p. 100 des pièces importées à une valeur marquée à X dollars; toute variation sera portée au compte de l'importateur.». Donc, les corporations des utilités publiques rendent l'importateur responsable. Quand l'importateur tente d'obtenir un contrat, il n'avertit pas son client qu'il devra peut-être payer les droits de dumping.

**M. Arthur:** Monsieur le président, qu'il le renseigne ou pas, je pense que nous avons parlé de cela plusieurs fois au comité. Je pense que le témoin suggère que l'importa-

[Text]

suggesting that the importer or the exporter would assume the responsibility for any dumping duty. We have dealt with that before and suggested this would be a compensatory arrangement within the terms of this proposed Bill. I also would direct the Committee's attention to clause 33(1) on page 90 which suggests that the duty is on account, and due, by the importer of the goods. I think notwithstanding the fact that there may well be such conditions in a contract, the provisions of this proposed legislation if enacted would prevail should the circumstances cited, in fact, transpire.

**Mr. Fulcher:** Mr. Chairman, I would like to ask Mr. Arthur if the government has an organization which could watch the placement of these contracts, the tender calls and the awards of contracts, in order that this legislation could be used. To my knowledge, it does not exist at the moment.

**The Vice-Chairman:** Which legislation are you referring to, Mr. Fulcher?

**Mr. Fulcher:** I am referring to a department of the government that could monitor the tender call and award of contracts in order that this proposed legislation could be utilized.

**The Vice-Chairman:** You mean the proposed legislation that we are considering now?

**Mr. Fulcher:** Yes.

**The Vice-Chairman:** Is your question whether there is a department of government that might monitor tender calls?

**Mr. Fulcher:** That is correct.

**Mr. Gray:** As I understand it, Mr. Chairman, the Department of National Revenue, beyond its regular surveillance procedure of sensitive commodities as they are imported into the country, and investigation of complaints made to it under the present anti-dumping legislation, does not maintain such an organization. I am not sure how it would be possible to do so, beyond what would be required administratively to carry out the requirements of the new law. It may be, however—I just add this note personally—that some of the specialized branches of the Department of Industry, whose specific duty it is to keep in touch with the particular segment of Canadian industry that they are designated to look into and look after, will be accumulating specialized information. I would be very surprised if they did not make it their business to keep the Department of National Revenue informed.

[Interpretation]

teur ou l'exportateur assumera la responsabilité des droits sur le dumping. Nous en avons déjà parlé et nous avons suggéré qu'il s'agirait d'une compensation aux termes du projet de loi. Je veux aussi attirer votre attention sur l'article 33(1), à la page 90, dans lequel on dit que les droits doivent être payés par l'importateur des marchandises. Alors je pense que, nonobstant le fait que ces conditions peuvent exister dans un contrat, les dispositions du projet de loi, si elles sont adoptées, seront appliquées dans de telles circonstances.

**M. Fulcher:** Monsieur le président, je voudrais demander à M. Arthur si le gouvernement a une organisation qui peut surveiller l'adjudication des contrats aux termes de la loi. A mon avis, cela n'existe pas encore.

**Le vice-président:** De quelle loi parlez-vous?

**M. Fulcher:** Je parle d'un ministère du gouvernement qui pourrait surveiller les appels d'offres pour pouvoir utiliser la loi.

**Le vice-président:** Vous voulez dire le projet de loi à l'étude?

**M. Fulcher:** Oui.

**Le vice-président:** Vous demandez s'il y a un ministère du gouvernement qui pourrait surveiller les appels d'offres.

**M. Fulcher:** C'est cela.

**M. Gray:** Je pense que le ministère du Revenu national, qui doit protéger les importations de façon générale et qui s'occupe des enquêtes et des plaintes aux termes de la loi antidumping, n'a pas une telle organisation. Je ne sais pas comment il sera possible de le faire, au-delà des besoins administratifs nécessaires pour l'application de cette nouvelle loi. Il me semble que certains secteurs spécialisés du ministère de l'Industrie, qui doit communiquer avec des secteurs spéciaux de l'industrie canadienne, accumuleront des informations spécialisées. Je suis sûr que le ministère du Revenu national sera toujours renseigné.



[Texte]

**The Vice-Chairman:** Before I recognize you Mr. Fulcher, I might say I think the point you made has been noted. We will be examining the various suggestions that have been put forth over the course of these hearings, and this suggestion of yours will be given consideration at that time. Mr. Fulcher?

● 1705

**Mr. Fulcher:** Mr. Gray, I would like to answer your question regarding the Department of Industry. The Department of Industry asks us.

**The Vice-Chairman:** Perhaps, gentlemen, as I have indicated, we could go on to another item. I am not trying to close this discussion off, but we will have an opportunity to discuss this particular point with the officials following our hearings with witnesses. Is it agreed?

**Some hon. Members:** Agreed.

**The Vice-Chairman:** Are there further questions with respect to page 8? Most of our discussion has been with respect to page 9. Are there any questions on page 10?

**Mr. Gray:** I just wanted to comment, Mr. Chairman, that the Deputy Minister of National Revenue now has the duty of determining value for duty and, therefore, the normal selling price, the export price and that sort of thing. Is that not right, Mr. Hind?

**Mr. Hind:** That is correct, Mr. Chairman.

**Mr. Gray:** I am sure he is in a position to continue to carry out the similar responsibility imposed on him under the new law.

**The Vice-Chairman:** Mr. Fulcher, would you like to say anything more with respect to any of the items on page 10 that you have summarized for our attention?

**Mr. Fulcher:** No, thank you, Mr. Chairman. I have nothing to add to that.

**The Vice-Chairman:** Is there any further comment with respect to this particular brief? Mr. Hales?

**Mr. Hales:** I would like to revert to the question I asked Mr. Fulcher. He said this proposed legislation takes some of the teeth out of the old anti-dumping laws. I would like him to provide the Committee with examples of this.

**Mr. Fulcher:** I would like to take your question under advisement and provide you with an answer. I would refer you to the

[Interprétation]

**Le vice-président:** Monsieur Fulcher, avant de vous donner la parole, je pense que ce que vous avez dit a été noté. Nous étudierons les différentes suggestions qui auront été faites pendant les audiences et nous considérerons, bien sûr, vos suggestions.

**M. Fulcher:** Monsieur Gray, je répondrai avec plaisir à votre question. Le ministère de l'Industrie nous l'a demandé.

**Le vice-président:** Nous pourrions peut-être passer à une autre question. Je n'essaie pas de mettre fin au débat, mais nous pourrions étudier cette question avec les fonctionnaires, après avoir entendu les témoins. D'accord?

**Des voix:** D'accord.

**Le vice-président:** Avez-vous d'autres questions au sujet de la page 8? Je pense que la discussion portait principalement sur la page 9. D'autres questions au sujet de la page 10?

**M. Gray:** Le sous-ministre du Revenu national doit maintenant déterminer la valeur qui doit être payée en douanes, le prix normal de vente et d'autres choses du même genre. Est-ce vrai?

**M. Hind:** C'est exact, monsieur le président.

**M. Gray:** Alors, il aura des responsabilités semblables, conformément à la nouvelle loi.

**Le vice-président:** Monsieur Fulcher, avez-vous quelque chose à dire au sujet des questions mentionnées à la page 10 et que vous avez résumées pour nous?

**M. Fulcher:** Non, je n'ai rien à ajouter à cela.

**Le vice-président:** Avez-vous d'autres commentaires sur le mémoire? Monsieur Hales.

**M. Hales:** Je voudrais revenir à une question que j'ai posée plus tôt. On a dit que le projet de loi est moins fort que l'ancienne loi sur l'antidumping. Pourrait-il nous donner des exemples de cela?

**M. Fulcher:** Je prends avis de votre question. Dans la déclaration du sous-ministre adjoint des douanes, on a dit que la loi

[Text]

statement previously made by the Assistant Deputy Minister of Customs and Excise wherein he said, if I recall, that the present legislation has an automatic dumping feature. The proposed legislation does not, unless injury occurs.

**The Vice-Chairman:** Mr. Fulcher, I think perhaps we might accept your suggestion that you would take it under advisement, and if you see fit to write us a letter, it would be our wish, I think, that it be incorporated into the proceedings.

**Mr. Trudel:** Mr. Chairman, this is only an assumption on my part from Mr. Fulcher's statement, that with this regulation there was a possibility a subsidiary or a parent company might be favoured in tendering although manufacturing outside of Canada, if we applied this new regulation.

**Mr. Fulcher:** This is very possible. As a matter of fact in our manufacturing operations in Canada we utilize the services of some 14 contractors all over the world who supply to us and we in turn supply to them.

I would like to make one other observation which might interest you. In our plant in Scarborough, we provide designs for our American associates for which we get a royalty. These designs are for very large fans and air pre-heater equipment which are manufactured in the United States. We have tried exporting to the United States, and the difficulties which we encounter are such that we decided finally to just provide designs.

It may interest you to know that the very largest power stations in the United States, in this last four years—Consolidated Edison Company of New York Inc., for example—use Canadian-designed fans. The latest contract award just made to New Orleans, La. will also be using Canadian designed fans. These are very large fans, taller than this room, and we are becoming quite famous in Canada for our fan designs. We however, would run into some difficulty in exporting from Canada to the United Kingdom for the reasons which have been previously stated by some other members of our industry.

• 1710

**Mr. Trudel:** I would like to pose this question. Since the middle of the summer, other countries participating in this pact have had these regulations enforced. Do you find now that this has been a deterrent or that you are unable to compete or even quote?

[Interpretation]

actuelle avait une caractéristique automatique sur le dumping, tandis que le projet de loi dit qu'un préjudice doit être porté.

**Le vice-président:** Monsieur Fulcher, nous pouvons peut-être accepter votre suggestion de prendre avis de la question. Si vous jugez bon de nous écrire une lettre, nous l'ajoutons au compte rendu.

**M. Trudel:** Ce n'est qu'une supposition de ma part, au sujet de la déclaration de M. Fulcher. Avec ce règlement, il est possible qu'une filiale ou une compagnie mère soit favorisée en faisant des appels d'offres, même si elle fabrique ses produits à l'extérieur du pays.

**M. Fulcher:** C'est bien possible. En fait, dans nos opérations manufacturières au Canada, on utilise les services de quelques quatorze entrepreneurs dans le monde entier, qui nous fournissent des produits et à qui nous fournissons autres choses.

Je vais ajouter une autre observation.

Dans notre usine de Scarborough, nous faisons des modèles pour nos associés américains et sur lesquels nous recevons des droits d'auteur. Ce sont des modèles de ventilateurs et d'équipement à réchauffer l'air qui sont fabriqués aux États-Unis. Pour certains équipements, nous avons essayé d'exporter aux États-Unis, mais nous avons eu tant de difficultés, que nous avons décidé de leur fournir seulement les modèles.

Les grandes usines électriques aux États-Unis, comme *Consolidated Edison Company of New York Inc.*, utilisent, depuis quatre ans, des ventilateurs de modèles canadiens. Le dernier contrat fait à New Orleans LA. utilisera aussi des ventilateurs de modèles canadiens. Ce sont des ventilateurs plus hauts que cette pièce. Nous devenons célèbres au Canada pour nos modèles de ventilateurs. Toutefois, nous aurions quelques difficultés à exporter au Royaume-Uni, pour des raisons qui ont été établies plus tôt par d'autres représentants de notre industrie.

**M. Trudel:** Je voudrais poser cette question. Depuis le milieu de l'été, d'autres pays qui participent au pacte ont appliqué ces règlements. Est-ce que cela peut être nuisible ou rendre impossible la concurrence avec d'autres pays, ou même la présentation d'appels d'offres?



[Texte]

**Mr. Fulcher:** Mr. Chairman, the answer to your question is, as I recall, that we can not export to Germany, France, Belgium, Holland, Britain, New Zealand and Australia. There is one other country which escapes me at the moment, I think it is Zambia.

**Mr. Gray:** Because of the implementation by these countries of their obligations under the Anti-Dumping Code?

**Mr. Fulcher:** No, not necessarily, but allied to it I am informed. I am not an expert in these matters, but this is the explanation we received from our international licensing companies.

**Mr. Gray:** Perhaps it is an excuse. It just occurred to me, sir, if you have this problem in exporting to these countries because of what you are informed is the application of domestic legislation under the Anti-Dumping Code, this means that people who hope to export to Canada and do a little dumping here will have equal if not greater difficulty.

**The Vice-Chairman:** Is your question along the same line, Mr. Trudel; is it a supplementary?

**Mr. Trudel:** It is supplementary.

**The Vice-Chairman:** Mr. Trudel and then Mr. Danson.

**Mr. Trudel:** I was just going to further state, Mr. Chairman, following what Mr. Gray has said, that if we have the same application of the act that we would be protecting our Canadian manufacturers. Therefore, the point you were raising would be well covered with this new legislation.

**Mr. Fulcher:** Hopefully.

**Mr. Trudel:** Thank you, Mr. Chairman.

**Mr. Danson:** Mr. Fulcher, one other facet would be that to invoke the Anti-Dumping Code in other countries, you would have to be selling below the fair market value in this country at a price below what you would normally sell. Are there other manufacturers in this country? Does this new—well I had better not mention names—English conglomerate have facilities here now?

**Mr. Fulcher:** I will ask protection of the House or this Committee.

**The Vice-Chairman:** I do not know that we can guarantee you any protection, sir.

**Mr. Fulcher:** It is a fact that we can manufacture component parts of turbines and

[Interprétation]

**M. Fulcher:** Monsieur le président, pour répondre à la question je dirai que nous ne pouvons pas exporter en Allemagne, en France, en Belgique, en Hollande, en Grande-Bretagne, en Nouvelle-Zélande et en Australie. Il y a un autre pays qui m'échappe, mais je pense qu'il s'agit de la Zambie.

**M. Gray:** A cause de leurs obligations en vertu du Code sur l'antidumping?

**M. Fulcher:** Non, pas nécessairement, mais cela est un facteur. Je ne suis pas un spécialiste de ces questions, mais c'est l'explication que nos compagnies internationales qui émettent nos permis nous ont donnée.

**M. Gray:** Monsieur, je viens de me rappeler que, si vous avez ce problème pour exporter dans ces pays à cause de l'application des lois nationales sur l'antidumping, il semble que ceux qui voudraient exporter au Canada auront les mêmes problèmes, sinon plus de difficultés.

**Le vice-président:** Est-ce une question supplémentaire, monsieur Trudel?

**M. Trudel:** Oui, monsieur le président.

**Le vice-président:** Monsieur Trudel, puis monsieur Danson.

**M. Trudel:** Je voulais déclarer, monsieur le président, pour faire suite à ce que M. Gray a dit, que si la loi s'applique de la même façon, nous protégerons nos industries canadiennes. Alors la question que vous soulevez serait bien couverte dans la nouvelle loi.

**M. Fulcher:** Nous l'espérons.

**M. Trudel:** Merci, monsieur le président.

**M. Danson:** Je veux passer à un autre aspect. Si nous invoquons le Code sur l'antidumping dans les autres pays, il faudra vendre au-dessous de la valeur juste du marché à un prix au-dessous du prix normal. Est-ce qu'il y a d'autres fabricants au Canada? Est-ce que ce nouveau groupe anglais a des facilités ici?

**M. Fulcher:** Je vais demander la protection de la Chambre.

**Le vice-président:** Je ne sais pas si nous pouvons vous garantir la protection.

**M. Fulcher:** Nous pouvons fabriquer des pièces de turbine et toutes sortes d'autres pié-

[Text]

power station equipment, pulp and paper machinery, gas turbine components, and there is another again that escapes me as cheaply in Canada than they can in Britain or Europe. There are reasons for this. If you would like some explanation, I will be pleased to send it to you.

**Mr. Danson:** This becomes particularly interesting, although perhaps not directly related to the Committee, because of the science priorities that seem to be developing in this country. One of the areas is in the field in which you are engaged. You deal quite extensively, I think, with the export possibilities or potential and yet apparently you are locked out of a number of other nations. I cannot see how they can invoke the Anti-Dumping Code to lock you out here if you are the only manufacturer in Canada, or as efficient as the other operators.

**Mr. Fulcher:** It has assisted in some cases where we have subsidiary plants in foreign countries, such as, for example, Australia, which has by-law protection. Our associated company may be concerned about possible dumping. In the case of Australia, if my memory serves me correctly, we have an under-the-table or over-the-table agreement between Canada and Australia whereby dumping is not invoked unless both parties agree. That normally prevents any problem in Australia at that point. However, the by-laws they then invoke on us may exclude us, on products not made by our associated plants.

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**Mr. Gray:** Your comments seem to prove that the worst fights are those within families, if you are talking about associated companies. If you have these disputes with associated companies you must have quite a rough and tumble with your outside competitors.

**Mr. Fulcher:** Our efforts are directed towards the competition, however you can imagine a situation with parents who have between them over 200 years work of technical know-how and expertise seeing a bunch of Canadians only six years old manufacturing the same kind of products as are manufactured in Britain and elsewhere at cheaper prices.

**The Vice-Chairman:** Mr. Trudel and then Mr. Comtois.

**Mr. Trudel:** Mr. Chairman, I would like to direct this question to the witness again. Would it be fair to say, Mr. Fulcher, as the new regulations have been enforced for some

[Interpretation]

ces. Ces pièces peuvent être fabriquées à un prix aussi économique au Canada qu'en Grande-Bretagne ou qu'en Europe. Si vous voulez connaître la raison de cela, je vous l'expliquerai.

**M. Danson:** C'est très intéressant, mais cela ne se rattache pas nécessairement au travail que nous faisons ici à cause des priorités scientifiques qui se développent au Canada. Un des secteurs concerne votre domaine. Vous avez de plus en plus de possibilités d'exportation et il semble que les portes de plusieurs pays vous sont fermées. Peuvent-ils évoquer le Code sur l'antidumping pour vous arrêter, si vous êtes le seul fabricant au Canada ou si vous êtes aussi efficace que les autres?

**M. Fulcher:** Cela nous a aidés dans certains cas où nous avons des filiales dans d'autres pays. Par exemple, en Australie, où nous sommes protégés par la loi, notre compagnie associée peut être préoccupée par la possibilité du dumping. Dans le cas de l'Australie, si je me souviens bien, nous avons des ententes entre le Canada et l'Australie, où le dumping n'est pas invoqué à moins d'un accord entre les deux. Ceci empêche tout problème de ce genre en Australie. Cependant, les règlements qu'on applique sur nous peuvent nous interdire des produits qui ne sont pas fabriqués par nos usines associées.

**M. Gray:** Vos commentaires semblent prouver que les pires luttes se font entre les compagnies associées. Vous devez avoir beaucoup de difficultés avec vos concurrents si vous en avez tant avec vos affiliés.

**M. Fulcher:** Nos efforts sont orientés vers la concurrence, mais vous pouvez imaginer la situation avec la société mère qui possède une technique opérationnelle et une expérience de deux siècles, et qui voit un groupe de Canadiens ne possédant que six ans d'expérience qui fabriquent les mêmes produits qu'en Angleterre et ailleurs à des prix plus bas.

**Le vice-président:** Monsieur Trudel et ensuite monsieur Comtois.

**M. Trudel:** Monsieur le président, je voudrais poser une question au témoin. Est-il juste de dire monsieur Fulcher, puisque le nouveau règlement est en vigueur depuis



[Texte]

months in other countries that your company, through subsidiaries, has started to specialize and therefore has been successful in being so efficient, either in Canada or elsewhere, that certain aspects of your business will be concentrated possibly in Canada, and fulfill needs in other areas?

**Mr. Fulcher:** Oh, certainly.

**Mr. Comtois:** I have one very short question, Mr. Fulcher. In the last paragraph of your brief you say:

This company will also submit complaints on every single case where dumping occurs of like products, for which we have submitted tenders to Canadian clients.

Does that mean that every time you lose a contract you will make a complaint?

**Mr. Fulcher:** Only within the terms of the regulations as we understand them to date, which means that we can help the Department or the Deputy Minister establish that injurious dumping has occurred. I have heard the Assistant Deputy Minister say in this room at least six times that he does not want to be flooded with frivolous complaints. We try not to bother the Assistant Deputy Minister or the Deputy Minister with frivolous complaints. I earlier said that the reason we are here manufacturing in Canada is because of him and his staff. We know what they can do. We do not wish to have an image of being people who are continuously knocking at the door with frivolous complaints.

**The Vice-Chairman:** Gentlemen, are there further questions? If not, I would like to thank Mr. Fulcher for coming here this afternoon for waiting patiently so long before he appeared, and for the part he played this afternoon.

**Mr. Fulcher:** Thank you, Mr. Chairman and Committee members. I would like to say one last thing. I urge you, please, to listen to what we have to say. I urge you please to ask us opinions both before this proposed Bill is enacted and during its administration. If this is done in the heavy electrical industry we can show you some very good performance in Canada, and contribute towards the sorely needed revenues here in Ottawa.

**The Vice-Chairman:** Thank you, Mr. Fulcher. Gentlemen, we will meet with the representatives of the Canadian Federation of Agriculture in a moment. I would suggest to

[Interprétation]

quelques mois dans certains pays, que votre compagnie, par l'entremise de ses filiales, a commencé à se spécialiser et a réussi à devenir si efficace ici et à l'étranger que certains aspects de votre industrie seront concentrés au Canada et répondront aux besoins d'autres pays?

**M. Fulcher:** Certainement.

**M. Comtois:** Une question très brève, monsieur Fulcher. Dans le dernier alinéa de votre mémoire, vous dites:

Notre compagnie portera plainte chaque fois qu'il y aura dumping sur les produits pour lesquels nous avons présenté des soumissions à des clients canadiens.

Cela veut-il dire que vous porterez plainte chaque fois que vous perdrez un contrat?

**M. Fulcher:** Seulement conformément aux règlements comme nous les comprenons aujourd'hui et cela veut dire que nous pouvons aider le ministère et le sous-ministre à prouver qu'il y a eu dumping préjudiciable. Le sous-ministre adjoint a dit au moins six fois ici qu'il ne veut pas recevoir de plaintes inutiles. Nous ne voulons pas ennuyer le sous-ministre adjoint ou le sous-ministre avec des plaintes inutiles. J'ai dit que nous sommes ici au Canada grâce à lui-même et à son personnel. Nous savons ce qu'ils peuvent faire et je ne veux pas que nous ayons la réputation de présenter continuellement des plaintes inutiles.

**Le vice-président:** Avez-vous d'autres questions, messieurs? Sinon, je veux remercier M. Fulcher d'être venu ici aujourd'hui, d'avoir attendu si patiemment son tour de comparaître, et du rôle qu'il a joué ici cet après-midi.

**M. Fulcher:** Merci, monsieur le président, messieurs les membres du Comité. Je vais ajouter une dernière chose. Je vous demande d'écouter ce que nous avons à dire. Je vous prie de nous demander notre opinion avant que le bill entre en vigueur et pendant son application. Si cela se fait dans l'industrie électrique lourde, nous pouvons vous démontrer que nous avons un excellent rendement au Canada et que nous contribuons aux revenus si nécessaires à Ottawa.

**Le vice-président:** Merci, monsieur Fulcher. Messieurs, nous rencontrerons les représentants de la Fédération canadienne de l'agriculture dans quelques minutes. Alors nous

[Text]

you that there might be a good opportunity to conclude our hearings with them rather than adjourning for dinner and reconvening after dinner.

• 1720

Gentlemen, we are ready now to consider the brief and to hear the representatives of the Canadian Federation of Agriculture. Mr. J. M. Bentley as President will introduce the official with him and will make an opening statement. Mr. Bentley?

**Mr. J. M. Bentley (President, Canadian Federation of Agriculture):** Thank you very much, Mr. Chairman. With your indulgence, we thought that in view of the fact you have already had the brief that we would read the two page summary contained on pages 11 and 12. Then possibly Mr. Kirk may amplify this if it is found necessary and be prepared to answer questions on it.

(a) This submission deals with periodic needs for protection that arise out of the chronic problems of price and market instability, and surplus production, at home and abroad, that plague agricultural producers.

(b) It is not the basic drive of this submission to make a general case for a stifling of agricultural trade.

(c) It is recognized at the outset that solutions to the problems of protection from disruptive import movements at low prices must, to be entirely satisfactory, involve successful consultation and agreement with other countries affected. International commodity agreements are the most formal, but by no means the only possible, expression of the results of such consultation.

(d) The need for protective action arises in the following circumstances:

(i) When there is dumping of farm products on Canadian markets.

(ii) When cyclical or seasonal declines in prices of imports depress Canadian prices invade Canadian markets unreasonably.

(iii) Where organized efforts by producers to manage the supply of their product, through marketing boards or by other means, are jeopardized by imports.

(iv) When action by government to support the price of agricultural products must be backed up by corresponding

[Interpretation]

terminerons probablement notre séance avec eux, au lieu de revenir après le dîner.

Messieurs, nous sommes prêts à étudier le mémoire et à entendre les représentants de la Fédération canadienne de l'agriculture. M. J. M. Bentley, en sa qualité de président, présentera ses collègues qui l'accompagnent et fera une première déclaration. Monsieur Bentley.

**M. J. M. Bentley (Président de la Fédération canadienne de l'agriculture):** Je vous remercie beaucoup, monsieur le président. Avec votre permission, nous avons pensé, comme vous avez déjà le mémoire en main, de lire le résumé de deux pages aux pages 11 et 12, ensuite M. Kirk pourra y ajouter des détails au besoin et il pourra répondre aux questions.

a) Le présent mémoire traite des besoins périodiques de protection suscités par les problèmes chroniques d'instabilité des prix et des marchés et la production d'excédents au Canada et à l'étranger, qui harcèlent les producteurs agricoles.

b) Ce mémoire n'a pas pour première intention de présenter un plaidoyer général contre l'étouffement du commerce agricole.

c) Nous reconnaissons au départ que les solutions aux problèmes de protection contre les mouvements disloquants d'importations à prix faibles doivent, pour être entièrement satisfaisantes, comporter une consultation et entente effective avec d'autres pays affectés. Les accords internationaux relatifs aux denrées sont les plus formelles, mais aucunement les seules expressions possibles des résultats d'une telle consultation.

d) Le besoin d'une intervention protectrice se présente dans les conditions suivantes:

(i) Lorsqu'il y a dumping de produits agricoles sur les marchés canadiens.

(ii) Lorsque les baisses cycliques ou saisonnières des prix des importations dépriment les prix canadiens et que des produits qui entrent à de tels prix envahissent les marchés canadiens de façon déraisonnable.

(iii) Lorsque les efforts organisés de la part des producteurs, pour gérer l'approvisionnement de leurs produits au moyen de commissions de mise en marché ou autrement, sont contrecarrés par des importations.

(iv) Lorsque l'action du gouvernement pour maintenir les prix des produits agricoles doit être appuyée par une action



## [Texte]

action to prevent the disruption of such programs by importations.

(e) The rules for the determination of dumping in the draft Canadian anti-dumping Bill unnecessarily restrict the opportunity, in the agricultural context at least, for a reasonable but sufficiently flexible approach to the determination of dumping. Amendment of the draft Bill to provide for recourse to a cost of production basis of determination when the particular market situation does not permit a proper price comparison by usual means should be provided.

(f) The proposed new sub-sections (1a), (1b) and (1c) of section 7 of the Customs Tariff should:

(i) Be amended to delete the word "serious" in the requirement that injury or threat of injury be found.

(ii) Be scrutinized to ensure that the requirement for parliamentary approval after 180 days is not so designed or administered as to endanger continuity of policy.

(iii) Be amended to provide for action to be taken upon threat of importation and not only following importation.

(iv) Be scrutinized to ensure the interpretation of "rate" of surtax permits flexible adjustment of the tax to changing prices under the terms of an Order in Council establishing a tax.

## • 1725

(g) The vital factor in the implementation of 7(1a) is that of speed and timeliness. It is absolutely vital that when the danger appears action shall be taken quickly. It would be very much appreciated if the Committee could see its way clear to noting in its report the importance of effective and prompt administration.

(h) It is clear that to set up an effective supply management program will almost certainly involve some reasonable arrangements for protecting that program from influx of products from other countries at prices and in quantities that disrupt and destroy the efforts of producers to put their industry on an orderly basis.

(i) The need for some kind of protective authority to back up domestic price and income support policies is part of this picture.

## [Interprétation]

correspondante destinée à empêcher que les importations ne viennent annuler cette action.

e) Les règles prévues pour la détermination du dumping dans le projet de loi canadienne antidumping restreignent sans nécessité la possibilité d'user, au moins dans le domaine de l'agriculture, d'une méthode raisonnable mais suffisamment souple de détermination du dumping. Il faudrait amender le projet de loi de manière à prévoir le recours à une détermination fondée sur le coût de production, lorsque la situation particulière du marché ne permet pas une véritable comparaison des prix par les moyens ordinaires.

f) Les nouveaux paragraphes (1a) (1b) et (1c) de l'article 7 du Tarif des douanes devraient:

(i) Être amendés pour en supprimer le terme «grave» dans l'exigence selon laquelle il faut constater le préjudice ou la menace de préjudice.

(ii) Être examinés afin de s'assurer que l'exigence de l'approbation parlementaire dans les 180 jours n'est pas conçue ou appliquée de façon à compromettre la cohérence de la politique.

(iii) Être amendés de manière à prévoir une possibilité d'intervention dès qu'il y a menace d'importation et non seulement à la suite d'importations.

(iv) Être examinés afin d'assurer que l'interprétation du terme «taux» de la surtaxe permettra un rajustement souple de la taxe en fonction de la variation des prix, aux termes d'un décret du gouverneur en conseil établissant une taxe.

g) Le facteur capital dans l'application du paragraphe 7 (1a) est celui de la rapidité et de l'opportunité. Il est absolument indispensable que, dès que le danger se dessine, il y ait une intervention rapide. Nous en saurions infiniment gré au Comité s'il pouvait noter dans son rapport l'importance d'une application prompte et efficace.

h) Il est clair que l'établissement d'un programme efficace de gestion de l'approvisionnement comportera presque certainement la mise en place d'un mécanisme raisonnable de protection de ce programme contre les arrivages de produits d'autres pays à des prix et en quantités venant faire obstacle et bloquer les efforts déployés par les producteurs pour mettre de l'ordre dans leur industrie.

i) Le besoin d'une autorité protectrice quelconque pour appuyer les politiques intérieures de soutien des prix et des revenus fait

[Text]

Such authority is available in our legislation through the Export and Import Permits Act.

**The Vice-Chairman:** Thank you, Mr. Bentley. Mr. Hind have you any comments you would like to make at this time?

**Mr. Hind:** Not at this moment, Mr. Chairman, thank you.

**The Vice-Chairman:** Mr. Arthur?

**Mr. Arthur:** No thank you.

**The Vice-Chairman:** Gentlemen, I propose we approach this submission the following way. I think the brief has made an eloquent statement on the rather special situation as far as agricultural products are concerned, the world marketing conditions, the seasonal nature, the surpluses, and I would draw your attention to page 4, the first paragraph on dumping. I suggest that we carry through from page 4 to page 6, paragraphs 9 to 13.

**Mr. Hales:** Mr. Chairman, I wonder if I might suggest that we might proceed still thoroughly but a little faster if we start on page 11 with the summary. Listed there are all the problems that they are encountering in agriculture. Perhaps we could ask our officials whether each of these problems are taken care of by the proposed anti-dumping legislation and if so, which clause covers each one of these. I think this is what we are all primarily interested in. Maybe Mr. Bentley could say whether he thought that would be an orderly way, and a way in which we could cover all the problems that you see.

**The Vice-Chairman:** Mr. Bentley have you views on this and I shall invite comments from other members of the Committee?

**Mr. Bentley:** Well, I think it is up to the Committee itself as to the manner in which you proceed. Of course the summary is only a summary. Some of the reasons are contained in the brief itself. It is immaterial to us, but whichever will facilitate the matter.

**Mr. Howard (Okanagan Boundary):** Mr. Chairman, paragraph 6.3 on page 3 of the brief is also mentioned in the summary and I would like some comment from Mr. Hind on that paragraph.

**The Vice-Chairman:** We will certainly cover that paragraph, Mr. Howard. At the moment, we are considering how we might approach this discussion. Mr. Hales has made

[Interpretation]

partie de la situation d'ensemble. Nous disposons déjà d'une telle autorité aux termes de notre loi sur les permis d'exportation et d'importation.

**Le vice-président:** Merci, monsieur Bentley. Monsieur Hind, avez-vous des commentaires?

**M. Hind:** Non, pas pour l'instant, monsieur le président.

**Le vice-président:** Monsieur Arthur.

**M. Arthur:** Non, monsieur le président.

**Le vice-président:** Messieurs, je propose que l'on procède de la façon suivante. Le mémoire est éloquent. Sur certaines situations, pour ce qui est des produits agricoles, les conditions du marché international, la nature saisonnière, les surplus et j'attire votre attention sur la page 4 du texte anglais, le premier alinéa sur le dumping. Passons de la page 4 à la page 6, aux paragraphes 9 à 13.

**M. Hales:** Monsieur le président, je voudrais faire une suggestion. Pour nous permettre de procéder peut-être un peu plus rapidement, nous pourrions peut-être commencer à la page 11 du texte anglais avec le résumé. On y résume tous les problèmes de l'agriculture. Nous pourrions peut-être demander à nos fonctionnaires si la législation proposée antidumping tient compte de tous ces problèmes, et si oui, quels articles les couvrent. Je pense que c'est ce qui nous intéresse le plus. Peut-être M. Bentley pourrait-il nous dire si cela lui semble une façon ordonnée de procéder et si nous pourrions couvrir tous les problèmes de cette façon-là.

**Le vice-président:** Monsieur Bentley, avez-vous une opinion ou devrais-je demander l'avis des autres membres du Comité?

**M. Bentley:** Je pense qu'il appartient au Comité d'en discuter; c'est au Comité de décider la procédure. Le résumé n'est qu'un résumé. Certaines raisons sont contenues dans le mémoire lui-même. C'est comme vous voulez—ce qui sera le plus facile.

**M. Howard (Okanagan Boundary):** Je voudrais des commentaires, monsieur Hind, sur l'alinéa 6.3, à la page 3 du mémoire, qui est mentionné dans le résumé.

**Le vice-président:** Nous en parlerons sûrement, monsieur Howard. Il faut voir comment étudier la question. M. Hales a dit que nous pourrions étudier tout le mémoire en



[Texte]

a suggestion that we might examine the total brief around the skeleton of the summary and recommendations.

**Mr. Gray:** I would like to support Mr. Hales' proposal, but I would like to amend it slightly by suggesting that we give particular attention to the portion of the summary on page 12. The first part of the summary sets forth some general propositions on the context in which general problems for agriculture must be considered. Some of these propositions are not really within our terms of reference although I think the Federation is quite right in including some discussion on them in the brief to help us understand their point of view, but I think you will agree that it is not strictly necessary for us to engage at this time in a detailed discussion on the propositions because they go somewhat beyond the instructions given to us by the House of Commons, although I am not in any way implying they are not very important. I would like to suggest that we deal, particularly, with the portion of the summary on page 12 and, of course, obviously, we will have to go back from time to time to the portion of the brief beginning on page 4, which you mentioned, Mr. Chairman, so we can properly interpret and understand the concepts that were put forward by the Federation.

**The Vice-Chairman:** Right.

**Mr. Roberts:** Mr. Chairman, I do not want to be particularly bloody-minded about this if everybody else wants to proceed as Mr. Hales has suggested, but I would very much prefer to start at paragraph 9 in the brief and go through it because I do not want to limit the discussion as narrowly, perhaps, as Mr. Gray just mentioned. I do not mean that we have to discuss it at very great length, but this is really the first time agricultural producers have appeared before the Committee.

• 1730

**The Vice-Chairman:** Let me make a suggestion here, gentlemen, that we start on page 11 at item (d):

(d) The need for protective action arises in the following circumstances:

(i) When there is dumping of farm products on Canadian markets.

I think that introduces the first item. Of course, we can refer back to...

**Mr. Gray:** Mr. Roberts would then say that brings us back to page 4.

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[Interprétation]

nous servant du résumé et des recommandations.

**M. Gray:** J'aimerais appuyer la proposition de M. Hales, mais je veux la modifier légèrement en suggérant que nous prêtions une attention particulière à une partie du résumé, à la page 12. La première partie du résumé énonce des propositions d'intérêt général. On parle du contexte dans lequel il faut étudier les problèmes généraux de l'agriculture. Certaines de ces propositions ne sont pas vraiment de notre domaine, mais la Fédération a eu raison de les discuter dans son mémoire pour nous aider à comprendre son point de vue. Mais, vous reconnaîtrez qu'il n'est pas nécessaire, en ce moment, que nous discutons les propositions en détail, car cela dépasse le mandat que nous avons reçu de la Chambre des communes, mais cela ne veut pas dire que les questions ne sont pas importantes. Je pense que nous devrions surtout nous concentrer sur le sommaire qui commence à la page 12, en français, et, à l'occasion, nous reviendrons à la partie du mémoire qui commence au paragraphe 9 à la page 4 du mémoire. Ainsi, nous pourrions comprendre et interpréter les principes énoncés par la Fédération.

**Le vice-président:** Très bien.

**M. Roberts:** Monsieur le président, je ne veux pas m'opposer à cela particulièrement si tout le monde est d'accord avec la proposition de M. Hales, mais j'aimerais mieux que nous commençons au paragraphe 9 du mémoire et c'est surtout parce que je ne veux pas réduire la discussion autant que M. Gray l'a suggéré. Nous n'allons pas discuter à fond, mais je pense que c'est la première fois que des membres de la profession agricole comparaissent devant le Comité.

**Le vice-président:** Je propose que nous commençons à l'article d) de la page 11; c'est à la page 13 du texte français.

d) Le besoin d'une intervention protectrice se présente dans les conditions suivantes:

(i) Lorsqu'il y a dumping de produits agricoles sur les marchés canadiens.

C'est ainsi que commence le premier article. Naturellement, nous pouvons nous reporter...

**M. Gray:** M. Roberts dirait ensuite que cela nous reporte à la page 4.

[Text]

**The Vice-Chairman:** Which I think would be in order.

Mr. Roberts do you want to start your questions?

**Mr. Roberts:** I might have to move back and forth because I wrote my comments in the margins in the first section. However, I did want to ask for the views of Mr. Arthur, perhaps, on the proposed addition which has been suggested in paragraph 11, that the interests of the agriculture producers would be better considered if clause 9(3) were amended by the addition of the following words:

or if because of the particular market situation, such sales do not permit a proper comparison.

**The Vice-Chairman:** Mr. Arthur?

**Mr. Arthur:** Mr. Chairman, as I understand the proposal here it is to add the words "or if because of the particular market situation, such sales do not permit a proper comparison". Clause 9(3) on page 50 starts out by saying:

9. (3) Where the normal value of any goods cannot be determined under subsection (1)...

and so on. It seems to me—I am sure that the draftsmen had this in mind—that you really go back to the conditions that prevail in subsection (1) and I would suggest to the Committee that this request is met by the condition in subsection (1) "in the ordinary course of trade—under competitive conditions."

**Mr. Roberts:** So this would be a redundant condition to the legislation?

**Mr. Arthur:** That would be my observation.

**Mr. Roberts:** Perhaps Mr. Kirk or Mr. Bentley could comment on that.

**Mr. David Kirk (Executive Secretary, Canadian Federation of Agriculture):** Mr. Chairman, subclause (1) says:

9. (1)... the normal value of any goods is the price of like goods when sold by the exporter...

The exporter is an individual or a firm, as I understand it, not an industry as a whole and that is, in the agricultural context, a very limiting provision. Our submission is that prices can be very abnormal, and an exporter may, in fact, sell goods under like terms and conditions to a variety of persons, some in the country of export and some in Canada, at the

[Interpretation]

**Le vice-président:** Ce qui sera adopté, je crois, monsieur Roberts, voulez-vous commencer?

**M. Roberts:** Toutes les remarques que j'avais préparées se rapportent à la première partie, mais je voudrais demander que M. Arthur, par exemple, nous donne son opinion sur l'addition proposée au paragraphe 11, portant que les intérêts des producteurs agricoles seraient mieux respectés si on modifiait le paragraphe (3) de l'article 9 en y ajoutant les termes suivants:

ou si en raison de la situation particulière du marché de telles ventes ne permettent pas une comparaison valable.

**Le vice-président:** Monsieur Arthur.

**M. Arthur:** Monsieur le président, si je comprends bien la proposition, on veut ajouter:

«ou si en raison de la situation particulière du marché de telles ventes ne permettent pas une comparaison valable.»

Le paragraphe (3), de l'article 9, à la page 50, débute ainsi:

9. (3) Lorsque la valeur normale des marchandises ne peut être déterminée en vertu du paragraphe (1) ... etc.

Il me semble, et je pense que les rédacteurs étaient de cet avis, que vous remontez vraiment aux conditions exprimées dans l'article 1. Cette condition est remplie par les mots «dans le cours ordinaire du commerce» et «dans des conditions concurrentielles».

**M. Roberts:** Ce serait donc une condition superflue dans la mesure législative?

**M. Arthur:** C'est ce que j'ai remarqué.

**M. Roberts:** Peut-être que M. Kirk ou M. Bentley pourraient ajouter quelque chose?

**M. David Kirk (secrétaire exécutif de la Fédération canadienne de l'agriculture):** Monsieur le président, le paragraphe (1) dit que:

la valeur normale de toutes marchandises est le prix de marchandises semblables lorsqu'elles sont vendues par l'exportateur,...

L'exportateur est un particulier ou une entreprise, et non une industrie dans son ensemble, et c'est une disposition très restrictive dans le domaine agricole. Le prix peut être très anormal, et un exportateur peut vendre des marchandises au même prix et dans les mêmes conditions, à une diversité de personnes de son propre pays et du Canada. Notre



## [Texte]

same price. Our submission is that we have a product here that varies in price from day to day and in some cases is, in fact, marketed under a variety of conditions, some contractual with the persons to whom the product is supplied, some extracontractual. An exporter can purchase, at a given time, quantities of products perhaps on contractual terms. This is one possible example. Then at another point of time, he may sell that same product—additional supplies of that—to numerous people at prices which, by our standards, are thoroughly abnormal. That is why we want this provision about conditions “of particular market situation”. We think we do, indeed, have particular market situations which is not covered by the limiting aspect of the goods when sold by the exporter. That is the facet of it about which we are concerned.

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**Mr. Hales:** Would you have an example? Take turkeys, for instance as we are getting near Christmas now—dumping of turkeys onto the Canadian market and the effect on the Canadian producer. We want to know whether this anti-dumping legislation will have any value in that particular case. Do you think it will?

**Mr. Kirk:** I think the consensus in our industry is that it will not, as presently drafted.

**Mr. Hales:** Yes.

**Mr. Kirk:** That is the anti-dumping part, you understand, not this other...

**Mr. Roberts:** And it would if it were drafted as you have suggested?

**Mr. Kirk:** We think the provision should be in there for purposes of exploring the particular conditions in the market the particular conditions over a period of the market and the structure of the market which can be very chaotic. We think it is fair to look at all that.

**The Vice-Chairman:** Would you please indicate when you would like to speak and I will give you a chance to do so, in order. Mr. Roberts, are you through?

**Mr. Roberts:** No, I am not through, but Mr. Arthur, I think, would like to make a comment.

**Mr. Arthur:** Mr. Chairman, it was not clear from the illustration given by the witness whether he referred to sales in an export

## [Interprétation]

théorie est que nous avons ici un produit dont le prix varie d'un jour à l'autre et qui, dans certains cas, est vendu dans des conditions très diverses, soit par contrat, aux personnes à qui l'on fournit le produit, soit sans contrat. Un exportateur, à un moment donné, peut acheter des quantités de produits, peut-être sous les termes d'un contrat. C'est un exemple possible. Et, à un autre moment, il peut vendre le même produit, des quantités additionnelles, à un certain nombre de personnes, à des prix qui, d'après nos normes, sont tout à fait anormaux. C'est pour cela que nous voulons ajouter les mots «dans une situation particulière du marché». Nous pensons, en effet, qu'il existe des situations particulières du marché que ne couvre pas l'aspect restrictif des marchandises lorsqu'elles sont vendues par l'exportateur: C'est cet aspect de la question qui nous préoccupe.

**M. Hales:** Auriez-vous un exemple? Prenons des dindons, par exemple, car nous approchons de la période de Noël, le dumping des dindons sur le marché canadien et ses effets sur le producteur canadien. Nous voulons savoir si cette législation anti-dumping aura une utilité dans ce cas en particulier? Est-ce que vous pensez qu'elle en aura?

**M. Kirk:** Je pense que dans notre industrie, nous pensons que la législation n'aura pas un bon effet d'après les termes présents.

**M. Hales:** Oui.

**M. Kirk:** Il s'agit de la partie antidumping, vous comprenez, non de cette autre...

**M. Roberts:** Et elle aurait un bon effet si elle était rédigée comme vous l'avez proposé?

**M. Kirk:** Nous pensons que cette disposition serait là pour explorer les conditions spéciales du marché, les conditions spéciales, pendant une certaine période, et la structure du marché, qui peut être confuse. Nous pensons qu'il est juste d'examiner cette situation.

**Le vice-président:** Voulez-vous s'il vous plaît lever la main quand vous voulez parler, afin que nous puissions vous appeler et procéder par ordre.

Monsieur Roberts, avez-vous terminé?

**M. Roberts:** Non, je n'ai pas terminé, mais je pense que M. Arthur aurait quelque chose à ajouter.

**M. Arthur:** Monsieur le président, je ne suis pas tout à fait sûr, d'après l'exemple donné par le témoin, s'il parle de ventes dans

[Text]

market or sales to Canada that would cause or have a disruptive effect on the market in Canada if they were imported at that price. I would suggest to you, sir, that in those conditions we are not really dealing with the dumping, but rather we are dealing with the consequential amendment provision which we have discussed on other occasions. I may be wrong here, and I would like to be told if I am.

**Mr. Kirk:** Mr. Chairman, it is not our submission that this change in the dumping clause can substitute or is even likely to substitute, in a major way for this consequential amendment. Our submission is that we want a clause in the legislation that will enable us to reasonably explore the concept of normality which is the essential concept in the anti-dumping Bill in a context that makes some sense from an agricultural point of view. We do not deny there will be difficulties in this; we do not deny that very often, perhaps most often, recourse will have to be had to as you describe it, the consequential amendment. What we are saying is that this terminology is, in fact, used in the GATT; we think it fits our situation with particular relevance and, therefore, since it is in the GATT we would like it in the legislation.

**Mr. Arthur:** I just have one other comment, Mr. Chairman. We will take this matter under advisement, but for purposes of the draft legislation, the requirements of the Code which relate to the export price of the product exported from one country in the proposed clause 9, have been divided between subclause (1), which relates to the experience of the actual exporter of the product in his home market and then the following subclauses which relate to the experience of other vendors if it is not possible to determine it under subclause (1). I think the draftsmen believe, Mr. Chairman, that the conditions of the Code have been met. Simply for our purposes it has been divided by subclause, first, the experience of the exporter and then, other vendors in the exporting country.

**The Vice-Chairman:** This will be taken under consideration?

**Mr. Arthur:** Yes, sir.

**Mr. Roberts:** Mr. Kirk and Mr. Bentley, would this suggested improvement help with the problems caused by agricultural products which receive some kind of price support in their country of origin?

[Interpretation]

le marché d'exportation ou de ventes au Canada, qui auraient un effet destructeur sur le marché canadien, si les marchandises étaient importées à ce prix. Et, je pense que dans ces conditions, nous n'avons pas vraiment affaire à du dumping, mais plutôt à des dispositions modifiées qui en découlent et que nous avons discutées à d'autres occasions. Je me trompe peut-être et j'aimerais qu'on me le dise, le cas échéant.

**M. Kirk:** Monsieur le président, nous ne croyons pas que cette modification dans le dumping peut se substituer, ou qu'elle se substituera probablement, à cette disposition qui en découle. Nous voulons une clause qui nous permettrait d'explorer raisonnablement le concept de normalité, qui est essentiel dans le bill antidumping, dans un contexte qui a un certain sens du point de vue agricole. Nous ne nions pas qu'il y ait des difficultés sous ce rapport; nous ne nions pas que, très souvent, le plus souvent peut-être, on doit avoir recours à la modification qui en découle, comme vous l'appellez. Ce que nous disons c'est que cette terminologie, de fait, est employée dans le GATT; et nous pensons qu'elle s'applique particulièrement à notre situation et, puisqu'elle se trouve dans le GATT, nous aimerions que ces termes figurent dans la mesure législative.

**M. Arthur:** Un autre commentaire, monsieur le président. Nous allons songer à ce que vous venez de dire, mais, aux fins de la mesure législative, les conditions du Code qui se rapportent au prix d'exportation du produit exporté de certains pays, dans l'article 9 projeté, divisé en deux paragraphes: le paragraphe (1), qui parle de la situation de l'exportateur, au point de vue de son marché domestique, et les paragraphes suivants, qui se rapportent à l'expérience d'autres vendeurs, s'il n'est pas possible de la déterminer, dans le paragraphe (1). Je pense que les rédacteurs ont cru avoir rempli les conditions du Code. À notre intention, nous l'avons divisé en deux paragraphes le premier portant sur la situation de l'exportateur, et l'autre sur les vendeurs dans le pays d'exportation.

**Le vice-président:** Vous allez prendre cela en considération?

**M. Arthur:** Oui, monsieur.

**M. Roberts:** Monsieur Kirk, monsieur Bentley, est-ce que cette amélioration que vous proposez aiderait à résoudre le problème que causent les produits agricoles subventionnés de quelque façon dans le pays d'où ils proviennent?



*[Texte]*

**Mr. Kirk:** I would think, first of all, where price support, in fact determines the market price in a uniform way in the market of the supporting country, that probably this would not be applicable. It might be applicable in some circumstances where the support program was of a nature that it developed differential pricing systems and this kind of thing in the exporting countries.

**Mr. Roberts:** Can I ask you about the suggestion which I did not quite understand in paragraph 13. Is the suggestion in paragraph 13 a kind of fall back position in relation to paragraph 11? In other words, if you do not get what you would like to have as suggested in paragraph 11 then you would be content with the suggestion in paragraph 13? There are too many "nots" in the sentence in paragraph 13 for me to understand it clearly.

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**Mr. Kirk:** It is one of my sins writing sentences like that. The intent of paragraph 13 was simply to be a little sympathetic and to recognize that this is not a simple thing we are asking. We want to be co-operative, but we also want the opportunity to intensively work at this. We are not saying it is self-evident—just offhand, any old import, you know—that there is trouble there or that action should be taken. It was meant to be sympathetic to the potential difficulties of this; it has got to be worked out with care, but it should be attacked with vigour and we are offering our co-operation in the effort.

**Mr. Roberts:** The further questions I have relate to clause 37 so perhaps you would like to me to leave that until later, Mr. hChairman.

**The Vice-Chairman:** Right. We will come to that shortly, Mr. Roberts.

**Mr. Trudel:** I have a supplementary, Mr. Chairman. Mr. Kirk, you have mentioned contract and non-contractual goods. Regardless of the wording of this proposed Bill, I do not think we can change this situation. This will always be with us regardless of what we do with the legislation.

**Mr. Kirk:** Yes, I think that is probably true, but our point is that where you have situations like this, the concept of normality cannot be adequately dealt with by the examination of the sales by an exporter or even by the provisions for sufficient number of sales. That is our point and we suggest that, again, in the GATT there is in the words we suggest placing in the legislation, a

*[Interprétation]*

**M. Kirk:** Je pense que, tout d'abord, lorsque le prix de soutien détermine le prix du marché d'une façon uniforme, dans les pays où il y a un prix de soutien, cela ne s'appliquerait probablement pas. Cela s'appliquerait peut-être dans certaines circonstances où le programme de soutien est tel qu'il fait surgir des systèmes distincts de fixation des prix dans les pays d'exportation.

**M. Roberts:** Puis-je vous poser une question au sujet de la suggestion à l'alinéa 13, que je n'ai pas tout à fait comprise? Est-ce que c'est un recul comparativement au paragraphe 11? En d'autres termes, si vous n'obtenez pas ce que vous demandez à l'alinéa 11, vous serez satisfait de ce que propose l'alinéa 13? Le phrase de l'alinéa 13 n'est pas assez claire pour que je la comprenne.

**M. Kirk:** La terminologie n'est pas très claire. C'est moi le responsable. Le but de l'alinéa 13 est simplement de reconnaître que ce n'est pas une chose très simple que nous demandons. Nous voulons bien collaborer, mais, aussi, nous voulons avoir l'occasion de bien étudier cette proposition. Nous ne disons pas qu'il y a des difficultés ou des mesures à prendre, nous voulons nous préparer en vue des difficultés possibles; il faut étudier la question avec soin, mais il faut s'attaquer au problème vigoureusement et nous offrons notre collaboration dans ces efforts.

**M. Roberts:** Ma prochaine question se rapporte à l'article 37, donc, vous voudriez peut-être que j'attende un peu plus tard, monsieur le président?

**Le vice-président:** C'est juste. Nous y viendrons bientôt, monsieur Roberts. Monsieur Trudel?

**M. Trudel:** Question supplémentaire, monsieur le président. Monsieur Kirk, vous avez mentionné les contrats et les marchandises non-contractuelles. Sans nous soucier de la terminologie du projet de loi, je ne pense pas que nous puissions changer la situation. Nous avons toujours cette situation, quoi que nous changions dans la mesure législative.

**M. Kirk:** Oui, c'est probablement vrai, mais notre point est le suivant: lorsqu'il y a des situations semblables, le concept de normalité ne peut être traité suffisamment par l'examen des ventes par un exportateur ou même par des dispositions en vue d'un nombre suffisant de ventes. Voilà notre point et nous disons de nouveau que dans le GATT, il y a des mots que nous aimerions voir dans la mesure légis-

[Text]

recognition that there may be special market conditions.

**Mr. Whelan:** I have not studied the White Paper nor am I a member of the Committee, but I want to ask Mr. Kirk, who has studied it in as great detail, probably, as most of the members of the Committee, if he finds agriculture in the same position as other industries in this proposal or would you like to see agriculture put in the same position as some of the industrial companies that are going to receive tremendous protection from this legislation?

**Mr. Kirk:** To be frank with you, I have not made an assessment of whether in fact that is the case about other industries. What we are saying is that we want the kind of protection we are talking about in here, Mr. Whelan. I do not really know how to make such a comparison. We want adequate protection in the interest of reasonable stability and security of price for the producer. That is what we are talking about and we are trying to deal with it constructively in the context of this legislation. Whether or not the White Paper represents a major increase in protection for industry is something I really should not comment on.

**The Vice-Chairman:** Mr. Whelan, do you have a supplementary?

**Mr. Whelan:** All I can say is if the proposed legislation does put agriculture on an equal basis with industry, I will be surprised as hell.

**Mr. Hales:** That is what we want to find out here.

**Mr. Burton:** Mr. Chairman, at this point I have only two or three rather general questions that I wish to direct to the Canadian Federation of Agriculture.

• 1745

First of all, Mr. Kirk, I note that on page 3 of the brief you refer to the products with which there is generally most concern, namely, fruits, vegetables, eggs, broilers and turkeys. These would be the products that most generally come under discussion when you are referring to dumped products.

Earlier in our hearings, when Mr. Grey the Assistant Deputy Minister of the Department of Finance was before us, he was being questioned on the subject of the impact of the proposed Bill on fruits and vegetables. It was indicated, if I recall correctly, that it could generally be considered that the problems with respect to competition from imports of fruits and vegetables could not generally be considered as dumping. I wonder if you

[Interpretation]

lative, parce qu'ils reconnaissent qu'il y a des conditions spéciales de marché.

**M. Whelan:** Je n'ai pas étudié le Livre blanc et je ne suis pas membre du Comité, mais je veux demander à M. Kirk, qui l'a étudié aussi en détail, sans doute que la plupart des membres du Comité, s'il trouve que l'agriculture se trouve dans la même situation que les autres industries dans cette proposition, ou s'il voudrait que l'agriculture soit dans la même situation que certaines sociétés industrielles qui recevront une immense protection, de cette mesure législative?

**M. Kirk:** Franchement, je n'ai pas établi si tel est le cas pour les autres industries. Ce que nous voulons, c'est le genre de protection que nous proposons, monsieur Whelan. Je ne sais pas comment faire de telles comparaisons. Nous voulons une protection suffisante dans l'intérêt d'une stabilité et d'une sécurité raisonnables des prix pour le producteur. C'est ce dont nous parlons et nous essayons d'être constructifs. Nous ne savons pas si le Livre blanc représente une augmentation sensible de protection pour l'industrie, mais c'est une chose sur laquelle je ne peux pas faire de commentaires.

**Le vice-président:** Monsieur Whelan, est-ce que vous avez une question supplémentaire?

**M. Whelan:** Tout ce que je peux dire c'est que si le projet de loi place l'agriculture sur une base égale à l'industrie, je serai diablement surpris.

**M. Hales:** C'est ce que nous voulons savoir aussi.

**M. Burton:** Monsieur le président, j'ai deux ou trois questions d'ordre général seulement à poser à la Fédération canadienne de l'agriculture.

Tout d'abord, M. Kirk, je note qu'à la page 3 de votre mémoire, vous parlez des produits qui vous préoccupent le plus: les fruits et les légumes, les œufs, les poulets et les dindes. Ce sont les produits dont on discute le plus souvent lorsqu'on parle de dumping.

Plus tôt, dans nos séances, lorsque M. Gray, le sous-ministre adjoint des Finances était ici, il a parlé de l'influence du projet de loi sur les fruits et les légumes. On a laissé entendre, si je me souviens bien, que l'on devrait songer, que l'on ne pourrait pas considérer les importations de fruits et légumes comme du dumping. Je me demande si vous êtes d'accord avec cette interprétation? Je ne sais pas si M. Gray avait l'intention d'appli-



## [Texte]

would agree with that interpretation? I am not sure if Mr. Grey intended to extend this particular comment to the other products—eggs, broilers and turkeys—or not, but I wondered if you would agree with that interpretation of the situation.

**Mr. Kirk:** Yes, that has been the general interpretation of the situation, I think, by the producers and the government. We are suggesting that we think there is some legitimate opportunity for application of the dumping provisions with this amendment we have suggested, but as I say we are not suggesting that this can do the whole job.

**Mr. Burton:** I see. Perhaps you might prefer to have me direct this question to the officials who are present. But just for the record, within recent years how many instances have there been of the application of dumping duties to agricultural products?

**The Vice-Chairman:** Mr. Kirk, do you want to answer the question?

**Mr. Kirk:** Personally, I do not know of any. That does not mean there have not been any, but they certainly have been exceedingly unusual occurrences if there have been any at all.

**The Vice-Chairman:** I wonder if Mr. Arthur or Mr. Hind might wish to comment.

**Mr. Arthur:** Mr. Chairman, I think that we may be getting into a bit of a misconception here that the agricultural products have been mainly dealt with under section 40A(7) of the existing Customs Act. Under this section, arbitrary values have been determined for these particular products. These products are not necessarily dumped in the normal sense. I think it probably is correct to say that none of these products have been dealt with under the dumping provisions of the existing legislation. Really, what is proposed in the White Paper is a consequential amendment which revises section 40 to meet some of the objections that have been raised by our trading partners to the method with which we have handled importations which have caused disruption and which fall under the escape clause of the GATT, Article XIX.

**Mr. Burton:** I do not know whether Mr. Hind was preparing to comment or not.

**Mr. Hind:** Mr. Chairman, about all I can say is that I am in agreement with what Mr. Arthur has said, that in a general way the troubles of the agricultural sector in dealing with fresh fruits and vegetables and so on, is not really dumping as is contemplated in

## [Interprétation]

quer cette remarque aux autres produits tels que les œufs, les poulets et les dindons. Je me demande si vous êtes d'accord avec cette interprétation?

**M. Kirk:** C'est bien l'interprétation générale donnée par les producteurs et le gouvernement. Ce que nous pensons, c'est qu'il y a possibilité légitime d'application des dispositions sur le dumping avec la modification que nous proposons. Mais nous ne pensons pas que cela suffise pour tout.

**M. Burton:** Je vois. Vous aimeriez peut-être mieux que je pose cette question au fonctionnaire ici présent. Mais, juste pour le procès-verbal, depuis quelques années, combien y a-t-il eu de cas où on a appliqué les droits de dumping aux produits agricoles?

**Le vice-président:** M. Kirk, voulez-vous répondre à cette question?

**M. Kirk:** Pour ma part, je ne connais pas de cas. Cela ne veut pas dire qu'il n'y en a pas eu, mais alors, ce furent des cas très rares.

**Le vice-président:** MM. Arthur ou Hind ont-ils quelque chose à dire?

**M. Arthur:** Je pense qu'il y a un malentendu. Les produits agricoles ont été considérés surtout à l'article 40 a) 7 de la loi actuelle sur la douane. D'après cet article, ce sont des valeurs arbitraires qui ont été déterminées pour ces produits en particulier. Ces produits ne sont pas nécessairement vendus à des prix de dumping dans le sens normal. Aucun de ces produits n'a été considéré d'après les dispositions antidumping de la législation actuelle et ce que l'on propose dans le Livre blanc, c'est une modification qui révisé l'article 40, pour répondre à certaines objections que nous avons reçues, de nos associés, relativement à nos méthodes d'importation qui auraient dérangé le marché et tomberaient sous le coup de la clause évasive du GATT, à l'article XIX.

**M. Burton:** Je ne sais pas si M. Hind va parler.

**M. Hind:** Monsieur le président, tout ce que je peux dire c'est que je suis d'accord avec ce que M. Arthur a dit, à savoir qu'en général, les difficultés dans le secteur agricole, pour ce qui est des fruits frais et des légumes frais, ne sont pas liées, selon la loi actuelle comme

[Text]

our existing dumping legislation or in the proposed dumping legislation. We may have picked up the odd case of peaches coming into Canada at an undervaluation, or maybe cherries or something like that, but the effective assistance that has been given in the past is by way of fixed values and, as Mr. Arthur has said, that provision is now being carried over into the new legislation as defined in clause 37.

**The Vice-Chairman:** Gentlemen, let me just say by way of procedure here, that it would be my intention after we have completed discussion here about the dumping aspect—and I emphasize the dumping as distinct from the other items just introduced—that we would then move to paragraph (f) on page 12 of the summary which deals with these questions. I beg your pardon, Mr. Burton?

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**Mr. Burton:** I still have a couple of questions yet.

**The Vice-Chairman:** On the dumping part?

**Mr. Burton:** That is right.

**Mr. Whelan:** If Mr. Burton would allow me, I would just like to ask a supplementary. One of the officials from the Department made a statement about GATT. What about countries that export fruits and vegetables to Canada that belong to no international trade agreement? Do you worry about this when you are talking about putting some restrictions on their products coming into Canada, when this same country in turn has nothing but a straight embargo on our products going into their country?

**The Vice-Chairman:** I wonder, Mr. Whelan, if we could deal with that question, or ask Mr. Arthur to give it consideration, when we come to the clause that deals with low-cost imports, clause 37. Mr. Burton has the floor.

**Mr. Flemming:** I just want to say that I would like to register for a question on dumping before you leave the subject.

**The Vice-Chairman:** Thank you, Mr. Flemming. I noted Mr. Howard earlier and then Mr. Flemming.

**Mr. Burton:** I take it then, Mr. Kirk, that you agree that the proposed draft Bill, as it has been presented in the White Paper, will in fact have very little application in so far as can be foreseen to agricultural products.

**Mr. Kirk:** Yes, that has been our experience to date.

[Interpretation]

le projet de loi, en dumping. Nous avons peut-être pris un mauvais exemple en citant le cas de pêches entrées au Canada à des prix sous-évalués, ou le cas de cerises, etc., mais l'assistance réelle fournie dans le passé a pris la forme d'une fixation des valeurs et, comme l'a dit M. Arthur, cette question fera l'objet de dispositions dans la nouvelle loi à l'article 37.

**Le vice-président:** Messieurs, à titre de procédure, j'aimerais, après en avoir fini avec le dumping—le dumping pris indépendamment, j'y insiste, des autres points qui viennent d'être abordés—en venir au paragraphe (f) de la page 12 du sommaire qui traite de ces questions. Oui, M. Burton?

**M. Burton:** J'ai encore quelques questions à poser.

**Le vice-président:** Sur le dumping?

**M. Burton:** Oui.

**M. Whelan:** Si M. Burton le permet, je voudrais poser une question supplémentaire. L'un des représentants du ministère a parlé du GATT. Qu'arrive-t-il lorsque certains pays qui n'appartiennent pas à ces unions internationales, au GATT, exportent des fruits ou des légumes au Canada? Est-ce que nous imposons seulement des restrictions sur ces produits, alors qu'ils en imposent sur les nôtres?

**Le vice-président:** Pourriez-vous attendre, M. Whelan, que nous en soyons à cet article, à l'article 37 pour les produits qui sont importés à des prix très bas? M. Burton a la parole.

**M. Flemming:** J'aimerais faire consigner une question sur le dumping avant de visser à un autre sujet.

**Le vice-président:** Merci, M. Flemming. J'ai enregistré sur ma liste le nom de M. Howard, puis celui de M. Flemming.

**M. Burton:** M. Kirk, vous convenez que l'avant-projet de loi exposé dans le Livre blanc sera d'une application très limitée en ce qui concerne les produits agricoles?

**M. Kirk:** Oui, d'après mon expérience, c'est ce qui arrive.



[Texte]

**Mr. Burton:** Do you feel there will be very much change resulting from the amendments or the changes that you are proposing to this Committee?

**Mr. Kirk:** I cannot make a quantitative assessment of that.

**Mr. Burton:** That is right; I understand.

**Mr. Kirk:** But I think there will be distinct opportunities for more effective application of the intent and spirit of the anti-dumping, if that amendment is inserted.

**Mr. Burton:** Thank you.

**Mr. Howard (Okanagan Boundary):** I would like to say something about this matter of anti-dumping in connection with agricultural products. We have had an instance in Canada, a very serious instance, where a specific case of dumping took place in agricultural products, and I refer to the importation of Australian canned peaches. In this field, we discovered that the Act said that there was a specific prohibition against an application of anti-dumping regulations in this case. I would like to have your comments on this and then the Department officials comments on that particular situation, and I would like to know what possibility there is of getting this situation corrected.

**Mr. Kirk:** Mr. Chairman, I will have to confess, with regret and embarrassment, that I do not know enough about that canned peach case to comment on it; I do not know the circumstances.

**Mr. Gray:** You are in good company. Mr. Arthur wants to give us some information here.

**Mr. Arthur:** As I understand the provisions of our Australian Trade Agreement Act, there is provision for consultation when there is evidence of dumping the products of one country into another. It does not necessarily preclude the possibility of dumping being applied. This particular Act and our New Zealand Trade Agreement Act are being reviewed at the present time in the light of our obligations under the Code.

**Mr. Howard (Okanagan Boundary):** I just want to correct something there. The Act specifically says that the parties to the Act will be exempt from application of anti-dumping duties.

**The Vice-President:** Is this an act or a treaty?

[Interprétation]

**M. Burton:** Et pensez-vous qu'il y aura beaucoup de changement à la suite des modifications que vous proposez au comité?

**M. Kirk:** Je ne peux pas faire une évaluation quantitative.

**M. Burton:** Bien. Je comprends.

**M. Kirk:** Mais je pense qu'il y aura certainement une occasion de mieux appliquer l'esprit de la loi antidumping, si l'amendement y est inséré.

**M. Burton:** Merci.

**M. Howard (Okanagan Boundary):** Au sujet du dumping, dans les produits agricoles, nous avons eu un cas très grave au Canada où il y a eu du dumping et je parle des pêches en conserve de l'Australie. Dans ce domaine, nous avons découvert que la loi stipulait qu'il y avait une prohibition contre l'application des mesures antidumping dans ce cas. J'aimerais que vous me disiez ce que vous en pensez et aussi entendre ce que les fonctionnaires ont à dire à ce sujet. J'aimerais savoir s'il y a possibilité de remédier à cette situation.

**M. Kirk:** Monsieur le président, je suis très gêné d'avouer que je ne suis pas tellement au courant de ce cas pour faire des commentaires.

**M. Gray:** Vous êtes en bonne compagnie. M. Arthur veut nous renseigner.

**M. Arthur:** Si j'ai bien compris l'accord entre l'Australie et le Canada, il y a possibilité de consultation en cas de preuve de dumping d'un pays à l'autre. La possibilité du dumping n'est pas nécessairement exclue. On reconsidère actuellement cette loi ainsi que notre loi sur l'accord commercial avec la Nouvelle-Zélande à la lumière de nos obligations aux termes du Code.

**M. Howard (Okanagan-Boundary):** Je voudrais mettre les choses au point. La loi déclare spécifiquement que les signataires seront exempts de l'application des droits antidumping.

**Le vice-président:** Est-ce une loi ou un traité?

[Text]

**Mr. Howard (Okanagan Boundary):** There is quite a long list of countries that are involved in the Act: Australia, New Zealand and there are a number of other countries.

**The Vice-Chairman:** Mr. Howard, is this an act or a treaty that you are referring to?

**Mr. Howard (Okanagan Boundary):** A treaty, I am sorry.

**Mr. Arthur:** I thought Mr. Howard was referring to our Australian Trade Agreement Act.

**Mr. Howard (Okanagan Boundary):** Yes, I am.

**Mr. Gray:** Perhaps we could check the text. I do not think we have turned it up as yet, but it is my recollection—although I could be mistaken—that the Act calls for consultation if either party to the agreement complains of alleged dumping by the other party; it is a reciprocal thing. It may well be that consultation will lead to some delay while it is being carried out, unless my recollections are mistaken. I have also just been informed that there are time limits involved for such consultation.

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I think the important thing is what Mr. Arthur has said, that these agreements are being reviewed in the light of our obligations, and the obligations of our trading partners under the Anti-Dumping Code and, of course, Australia is a member of the GATT.

**Mr. Howard (Okanagan Boundary):** Reviewed in what way? Do you mean that there is a specific effort being made to remove that provision?

**Mr. Arthur:** Mr. Chairman, I am not in a position to comment.

**The Vice-Chairman:** Mr. Hales, are you speaking to the same point?

**Mr. Hales:** Yes. With reference to Mr. Howard's question, after the consultations are completed, Mr. Arthur, supposing that one or other of the countries agreed that there was injury, could the country then apply clause 37 in this new legislation, that is, put a surtax on it.

**Mr. Arthur:** Are you referring to our Australian Trade Agreement Act?

**Mr. Hales:** Yes.

**Mr. Arthur:** The surtax to which Mr. Hales refers, Mr. Chairman, has nothing to do with the dumping legislation that is proposed here.

[Interpretation]

**M. Howard (Okanagan-Boundary):** Il y a toute une liste de pays qui ont signé la loi: l'Australie, la Nouvelle-Zélande et d'autres.

**Le vice-président:** M. Howard, est-ce une loi ou un traité?

**M. Howard (Okanagan-Boundary):** Un traité, je regrette.

**M. Arthur:** Je pensais que M. Howard faisait allusion à notre Loi sur l'accord commercial avec l'Australie.

**M. Howard (Okanagan-Boundary):** C'est exact.

**M. Gray:** Nous pourrions vérifier le texte. Si je me souviens bien, la loi prévoit une consultation si l'un ou l'autre pays a à se plaindre de dumping de la part de son partenaire. Il peut y avoir eu un délai. Il y a aussi des limites pour ces consultations.

Je pense que le point important, c'est, comme l'a dit M. Arthur, qu'on fait une nouvelle étude de ces accords à la lumière de nos obligations et de celles de nos partenaires aux termes du Code anti-dumping. L'Australie, bien sûr, est membre du GATT.

**M. Howard (Okanagan-Boundary):** Comment fait-on cette revue? Est-ce qu'on essaie définitivement de faire disparaître cette disposition?

**M. Arthur:** Je ne suis pas en mesure de vous le dire.

**Le vice-président:** Monsieur Hales, parlez-vous du même point?

**M. Hales:** Oui. En rapport avec la question de M. Howard, M. Arthur, après la conclusion des consultations, si l'un des signataires convenait qu'il y avait eu préjudice, est-ce que le pays pourrait appliquer l'article 37, c'est-à-dire imposer une surtaxe?

**M. Arthur:** Est-ce que vous parlez de l'accord entre l'Australie et le Canada?

**M. Hales:** Oui.

**M. Arthur:** La surtaxe dont parle M. Hales n'a rien à voir avec la loi anti-dumping que nous sommes en train d'étudier. C'est une



[Texte]

It is quite separate and does not relate to products dumped in the normal sense.

**The Vice-Chairman:** I have the impression, Mr. Howard, that this is something which we are going to require additional information on before we can consider it profitably further at this time.

**Mr. Howard (Okanagan Boundary):** Could I be assured that this will be looked into and discussed further in the Committee when the effects have been measured?

**The Vice-Chairman:** I think you have the knowledge that you have the right to raise it again when we review some of our discussions at a later date.

**Mr. Gray:** I think, Mr. Chairman, that the important thing is to obtain the text and we can look at it in the Committee. Unfortunately we do not have the text here, but once it is here, a full discussion on what is really a very interesting and important question will be much easier.

**The Vice-Chairman:** Mr. Howard, have you further questions?

**Mr. Howard (Okanagan Boundary):** I would like to refer to that reference to the assumption on the part of those who drew the brief that:

the elimination of specific reference to fruit and vegetable problems does not reflect any change of attitude or policy, but merely a feeling that necessary action can be taken effectively and flexibly within the terms of the new section.

I would like to have the comments of Mr. Hind or Mr. Arthur on this, and I would like to know whether they could confirm this. It is at page 7 of the brief.

**Mr. Arthur:** I am sorry, did you refer to page 7 of the brief?

**Mr. Howard (Okanagan Boundary):** Yes, the second paragraph.

**Mr. Arthur:** The answer is: that is correct.

**Mr. Howard (Okanagan Boundary):** Thank you. There is one other item, I would like to ask the witnesses whether they are satisfied that the recommendations or the proposed Bill is satisfactory to deal with such problems as the stripper potato problem that affected potato producers in the fall of this year?

**Mr. Kirk:** Pardon me, is it the dumping provisions of the Bill you are referring to?

[Interprétation]

chose absolument à part qui ne se rapporte pas aux produits qui sont vendus à des prix de dumping dans le sens ordinaire.

**Le vice-président:** C'est une question pour laquelle nous aurons besoin de renseignements supplémentaires.

**M. Howard (Okanagan-Boundary):** Pourriez-vous m'assurer qu'on va étudier cette question et que le comité étudiera cette question, lorsque les conséquences en auront été connues?

**Le vice-président:** Je pense que vous aurez le droit de soulever la question de nouveau lorsque nous reprendrons nos discussions plus tard.

**M. Gray:** Monsieur le président, je pense que l'important, c'est d'obtenir le texte que nous n'avons pas en ce moment. Lorsque nous aurons le texte, il sera beaucoup plus facile pour nous d'avoir une discussion exhaustive sur cette question très importante.

**Le vice-président:** M. Howard, est-ce que vous avez d'autres questions à poser?

**M. Howard (Okanagan-Boundary):** Je voudrais parler de la présomption, de la déclaration qui est contenue dans le mémoire, à savoir:

Le fait qu'on ne parle pas des fruits et légumes ne correspond à aucun changement d'orientation, mais seulement en sentiment qu'il faut prendre des mesures efficaces et souples aux termes du nouvel article.

J'aimerais l'avis de M. Hind ou de M. Arthur sur ce point, leur confirmation. C'est à la page 7 du mémoire.

**M. Arthur:** Page 7, dites-vous?

**M. Howard (Okanagan-Boundary):** Oui, en deuxième paragraphe.

**M. Arthur:** La réponse c'est que c'est juste.

**M. Howard (Okanagan-Boundary):** Merci. Je voudrais demander aux témoins s'ils sont d'accord que l'avant-projet de loi peut régler des problèmes tel que celui qui affectait les pommes de terre en automne?

**M. Kirk:** Parlez-vous des dispositions relatives au dumping dans le projet de loi?

[Text]

**Mr. Howard (Okanagan Boundary):** Yes. Are you satisfied that the regulations as drawn would cover that kind of a situation?

**Mr. Kirk:** Well, if you are referring to the anti-dumping provisions as drawn, no, I think not.

**Mr. Howard (Okanagan Boundary):** It would have to come under the other provisions.

**Mr. Kirk:** If you are referring to the other provisions, they could be utilized for that purpose, yes.

**Mr. Howard (Okanagan Boundary):** I have one other question. You mentioned specifically at the bottom of page 12 the matter of the time problem. Are you ready to go on that far, Mr. Chairman?

**The Vice-Chairman:** Well, we have not got there yet, Mr. Howard.

**Mr. Howard (Okanagan Boundary):** All right, I will ask my question later.

**The Vice-Chairman:** I will put you down. I think Mr. Hind wanted to make a comment.

**Mr. Hind:** Mr. Chairman, I am just going to endeavour to answer Mr. Howard's question. The matter involving stripper potatoes was not one involving dumping as contemplated under the existing law or the proposed law. Action was taken in that instance under the fixed value section of the current legislation which is being deleted and replaced by clause 37.

• 1800

**The Vice-Chairman:** Gentlemen, I would like to get your views on how we might proceed. I have Mr. Flemming down for a question on the dumping section.

**Mr. Flemming:** It is going to be more than a question.

**The Vice-Chairman:** A comment from Mr. Flemming, and I have two speakers who want to speak on the next clause. Mr. Whelan and Mr. Howard. The next item would be at the middle of page 12, on clause 37. Is it your wish that we should proceed or that we should adjourn?

**Mr. Roberts:** Adjourn until 8 o'clock, I would say.

**The Vice-Chairman:** Well, I would like some discussion about how the Committee would like to proceed at this time.

[Interpretation]

**M. Howard (Okanagan-Boundary):** Oui. Êtes-vous convaincus que le projet de loi pourra régler cette situation?

**M. Kirk:** Si vous parlez de la loi antidumping, non je ne pense pas.

**M. Howard (Okanagan-Boundary):** Cela devrait relever des autres dispositions.

**M. Kirk:** Si vous parlez des autres dispositions, oui, elles pouvaient servir à cette fin.

**M. Howard (Okanagan-Boundary):** Une autre question: vous avez mentionné, en particulier, la question des délais, au bas de la page 12. Peut-on en parler déjà, monsieur le président?

**Le vice-président:** Nous n'en sommes pas encore là, monsieur Howard.

**M. Howard (Okanagan-Boundary):** Je poserais donc ma question plus tard.

**Le vice-président:** J'en prends note. M. Hind a quelque chose à ajouter.

**M. Hind:** Monsieur le président, je voudrais essayer de répondre à la question de M. Howard. La question des pommes de terre *stripper* n'est pas une question de dumping, tel que le prévoient la loi actuelle ou le projet de loi. Des mesures ont été prises dans ce cas, conformément à l'article sur la valeur fixe mentionnée dans la loi actuelle, qui a été supprimé et remplacé par l'article 37.

**Le vice-président:** Messieurs, je voudrais savoir maintenant ce que nous allons faire. M. Flemming a une question à poser sur le dumping.

**M. Flemming:** Ce sera plus qu'une question.

**Le vice-président:** Un commentaire de M. Flemming, ensuite deux membres qui veulent parler sur l'article suivant: MM. Whelan et Howard.

Le point suivant se trouve au milieu de la page 12, à l'article 37. Voulez-vous que nous continuions maintenant ou que nous ajournions pour reprendre à 8 heures?

**M. Roberts:** Ajournons jusqu'à 8 heures.

**Le vice-président:** Nous discuterons donc de la procédure que le Comité entend suivre maintenant.



## [Texte]

**Mr. Gray:** Mr. Chairman, I would like to propose that we go on at least for half an hour and then see how we are doing. Although the brief is a very useful statement on the whole problem that Canadian agriculture faces with respect to imports, a lot of it is background material designed to situate the more specific recommendations that are relevant to our subject matter in the proper context. Actually there are really two areas which take up a rather limited part of the brief which are relevant to the order of reference we have from the House. They are found at pages 4 and 9, I believe. It seems to me if we bear that in mind, and I think this is really what the members who have put their names on your list are interested in, we might find that we will make quite a bit of progress in our discussions.

**Mr. Roberts:** I support that point of view. If we could discuss clause 37 I doubt if there is very much else that might interest members of the Committee.

**Mr. Flemming:** Surely, the representatives are not going to get through in any half hour, are they?

**The Vice-Chairman:** I do not know, Mr. Flemming.

**Mr. Flemming:** I mean that we are not going to be through with them in half an hour. While I dislike to disagree, I see no great object to taking a half an hour when it can be just as well done after dinner as before.

**The Vice-Chairman:** I am reminded of the comments Mr. Gray made with respect to relevance and rules of relevance, and I think we should bear this in mind in considering what we have been asked to do by the House.

**Mr. Burton:** On the point of order, Mr. Chairman, it seems to me that the atmosphere that is present at the moment is not conducive to the best possible consideration of this brief. I have the distinct impression that there is some feeling of crowding this through, or pushing this through as rapidly as possible, and I feel that the matters under consideration here are too important to be dealt with in this way. I am not suggesting that there is a deliberate attempt to push things through, I think this cannot help but be the atmosphere at the present moment under the circumstances considering the hour. I think we would be much better off to adjourn and to come back at 8 o'clock, as long as this can meet the convenience of the witnesses who are before us at the present time.

## [Interprétation]

**M. Gray:** Monsieur le président, je pense que nous pourrions continuer pendant une demi-heure. Nous verrons où nous en sommes. Le mémoire est très utile pour toute cette question des importations: c'est du matériel de fond en somme, destiné à circonscrire des recommandations précises, dans leur contexte. Il y a deux domaines qui se rapportent au mandat que nous avons reçu de la Chambre. On les trouve aux pages 4 et 9 du texte anglais. Il faut en tenir compte. Je crois que nous pourrions alors faire avancer la discussion. D'ailleurs, c'est que veulent les membres qui ont inscrit leur nom sur votre liste.

**M. Roberts:** Nous pourrions étudier l'article 37. Il n'y a pas beaucoup d'autres choses qui intéresseront les membres du Comité.

**M. Flemming:** Les représentants de la Fédération ne finiront pas en une demi-heure, n'est-ce pas, monsieur le président?

**Le vice-président:** Je ne sais pas, monsieur Flemming.

**M. Flemming:** Eh bien, nous n'en aurons pas fini avec eux en une demi-heure. Et même si je n'aime pas contredire, je ne comprends pas pourquoi il faut continuer pendant une demi-heure, alors que nous pourrions faire tout aussi bien après le dîner.

**Le vice-président:** M. Gray a parlé de certains règlements; il faut y prêter attention et savoir ce que la Chambre nous a demandé de faire.

**M. Burton:** Rappel au règlement, monsieur le président. Je pense que l'atmosphère qui existe présentement ne nous permet pas de bien étudier le mémoire. J'ai l'impression qu'on essaie d'en finir le plus vite possible, mais les questions sont trop importantes pour qu'on s'en débarrasse aussi facilement. Je ne dis pas qu'on essaie délibérément de trop accélérer les choses, cela n'aiderait en rien. Mais si nous considérons l'heure tardive, je pense que nous devrions lever la séance et revenir à 8 heures, si cela convient à nos témoins.

[Text]

**Mr. Gray:** It is up to the Committee as a whole to decide when they wish to meet, but I do not think we should leave on the record the suggestion that anyone is trying to hurry this through. This is one of the best briefs we have had and it was distributed to the members some days ago. I think most of us, if not all of us, have already given this brief very careful study. We are now meeting here with the witnesses to highlight certain aspects of the brief through discussion perhaps in a way which could not have been done through private study.

The extent of our public hearings at this time, does not necessarily reflect the extent of the attention that has already been given to the brief by members of the Committee who are with us and some who are not with us. I am only attempting to suggest that we go on for a period to see what progress we are making. Nobody should be limited in their relevant exchanges or questions. In fact, I did not want to make the suggestion at the beginning, but my own proposal would be that we keep going until we are done. That, in my mind, would illustrate the degree of priority and importance I give to the group which is with us at the present time.

• 1805

**The Vice-Chairman:** Are there any further comments?

**Mr. Comtois:** Mr. Chairman, I think we should go on and complete this brief before we adjourn.

**Mr. Gray:** I put the suggestion that we continue for half an hour and go on from there; I was not suggesting that we stop in half an hour.

**The Vice-Chairman:** Gentlemen, if you are prepared to...

**Mr. Burton:** It is going to take more than half an hour.

**Mr. Whelan:** I just wanted to say one thing, Mr. Chairman. I am not a member of this Committee but I am probably confronted with more import problems in agriculture than anybody else in the country. I did not have the brief before the meeting because I am not a member of the Committee. I saw the brief for the first time when it was handed to me when I came here today. So, I am in no position to properly question Mr. Kirk without thoroughly reading it, and it was abbreviated when it was presented to the Committee. Agricultural producers are probably most concerned about dumping because industry is always protected and labour is

[Interpretation]

**M. Gray:** Cela dépend du Comité, mais je ne pense pas qu'on devrait inscrire au compte rendu qu'on essaie d'accélérer les choses. C'est un excellent mémoire qui nous a été distribué il y a quelques jours. La plupart d'entre nous l'a déjà étudié. Nous rencontrons les témoins pour mieux comprendre certains aspects du mémoire, ce qu'on n'aurait pu faire par une étude personnelle de la question.

Nos audiences publiques ne reflètent pas nécessairement le degré d'attention que les membres du Comité ont accordé à ce mémoire. J'essaie tout simplement de dire qu'on devrait continuer pour voir à quoi nous pouvons en arriver. Personne ne devrait se voir imposer des limites à ses questions. En fait, je ne voulais pas faire cette suggestion au début, mais je pensais que nous aurions pu continuer tant que nous n'aurions pas fini. Il faut étudier les questions importantes et tenir compte des priorités.

**Le vice-président:** Avez-vous d'autres commentaires, Messieurs?

**M. Comtois:** Monsieur le président, je pense que nous devrions continuer et terminer l'étude du mémoire avant d'ajourner.

**M. Gray:** J'ai proposé qu'on continue pendant une demi-heure et au delà, et non pas qu'on arrête dans une demi-heure.

**Le vice-président:** Messieurs, si vous êtes disposés à...

**M Burton:** Ça va prendre plus qu'une demi-heure.

**M. Whelan:** Je ne suis pas membre du Comité, mais il y a d'importants problèmes d'importation dans l'agriculture, et cela m'intéresse peut-être plus que les autres. Je n'ai pas eu le mémoire avant la réunion du Comité, parce que je ne suis pas membre du Comité. J'en ai pris connaissance aujourd'hui. Alors, je ne suis pas en mesure de poser des questions avant de lire le mémoire.

Nous nous intéressons beaucoup au dumping car on protège l'industrie; et la main-d'œuvre est bien organisée, mais l'agriculture n'est pas si bien organisée, alors nous sommes toujours le souffre-douleur en somme, et cela mérite une bonne discussion.



[Texte]

well organized in industry. Agriculture is not that well organized, so we producers always end up the whipping boys on all these things anyway for the whole economy of the country as far as I am concerned. It warrants a thorough discussion.

**The Vice-Chairman:** I think, gentlemen, it is a question of looking at this from the point of view of whether we are prepared to examine it without sustenance without a time limit, or adjourning for sustenance. I certainly would not want to convey the impression that we are trying to rush this thing. I think it is important that the members of the Committee and the witnesses be given a full opportunity to be heard and to ask questions of the officials. Are you prepared to go forward on this basis without sustenance for the time being?

**Mr. Gray:** Our sustenance will be the thoughts contained in the brief.

**The Vice-Chairman:** If you are so prepared, I suggest we have a whirl at it.

**Mr. Hales:** There seems to be a division of opinion here. In order to bring some order out of chaos, I move that we adjourn until 8 o'clock.

**Mr. Burton:** I second the motion.

**Mr. Hales:** Providing the witnesses can be here.

**The Vice-Chairman:** Gentlemen, there has been a motion seconded. Is there any further discussion?

**Mr. Gray:** I do not think a motion of this sort is open to discussion. I think the rules make it necessary for us to proceed immediately to a vote.

**The Vice-Chairman:** Gentlemen, you have a motion before you. Is it agreed?

Motion negatived.

**The Vice-Chairman:** Now, I think Mr. Flemming is the first speaker.

**Mr. Flemming:** Mr. Chairman, I want to ask Mr. Kirk a few questions relative to the situation with respect to potatoes and representations he may have received. In the western part of New Brunswick and Prince Edward Island it is not a matter of a few vegetables for market gardening, it is really the basis of the agricultural industry. What representations have you had from that particular area on the possible effect of the

[Interprétation]

**Le vice-président:** Il s'agit de savoir si nous sommes prêts à étudier la question sans délai fixé ou d'ajourner. Je ne veux pas vous donner l'impression que nous voulons nous débarrasser de cette question. Il est important que les membres du Comité et les témoins aient l'occasion d'être entendus et de poser des questions aux fonctionnaires. Voulez-vous continuer sans qu'on fixe de délai?

**M. Gray:** C'est le mémoire qui va fixer les délais.

**Le vice-président:** S'il en est ainsi, faisons un essai.

**M. Hales:** Je pense que les opinions sont partagées. Je propose que nous levions la séance jusqu'à 8 heures.

**M. Burton:** J'appuie la proposition.

**M. Hales:** Pourvu que les témoins puissent venir.

**Le vice-président:** Messieurs, on a appuyé la proposition. Y a-t-il d'autres remarques?

**M. Gray:** Je ne pense pas que l'on puisse discuter cette motion. La procédure exige que l'on vote immédiatement.

**Le vice-président:** Messieurs, vous êtes saisis d'une motion, ceux qui sont en faveur de la motion, levez la main. Ceux qui s'y opposent.

La motion est rejetée.

**Le vice-président:** Je donne la parole à M. Flemming.

**M. Flemming:** Je veux poser à M. Kirk quelques questions qui se rapportent à la situation des pommes de terre et quelles sont les instances qu'il a reçues? Dans l'Ouest du Nouveau-Brunswick et de l'Île du Prince-Édouard, il ne s'agit pas de quelques légumes de jardin, mais c'est la base de l'industrie agricole de cette partie du Nouveau-Brunswick et de l'Île du Prince-Édouard. Alors voici ma question: Quelles instances avez-

[Text]

amended regulations relative to the potato business?

• 1810

**Mr. Kirk:** I cannot say that we had a representation specifically relevant to the problems of the potato business. In preparation of this brief we consulted with our member organizations, which includes the Canadian Horticultural Council, which is the organization that most often deals with potato questions. This brief is in line with their views. Now, I have not had representations with special relevance to the potato problem. I do know, of course, that potato producers do wish to have the opportunity for action under the proposed new section 7 of the Customs Tariff act. They do wish the opportunity to be there and they do wish it to be utilized, and utilized promptly, when the occasion arises; that I know.

**Mr. Flemming:** Then, so far as the potato growing portion of the Maritimes is concerned by virtue of your position you are familiar with their problems. You do know that very often when the Canadian market will strengthen not only is it possible to bring in one carload, but fifty carloads may suddenly appear. Once they get across the border then they become a Canadian product and it is really a very serious thing so far as the potato growers are concerned.

I realize that these remarks, probably relative to the industry in general, should perhaps wait until we are discussing the whole question of a Committee report.

However, I do want to know from Mr. Kirk and from the President of the Association that they are conscious of the importance of this matter of importation of potatoes especially, and the effect it would have on a very large segment of the whole agricultural industry. Down there it is a matter of perhaps a \$40 million industry, and it is altogether different from what you might call market gardening. It is really a way of life so far as agriculture is concerned up the Saint John Valley, and practically all of the province of Prince Edward Island.

So this becomes a very very important problem, Mr. Chairman, and I apologize for emphasizing it as much as I am, but I want to make sure that the Federation are completely behind the representations that I am making relative to it, and that they are conscious of its importance to that part of the Maritimes.

[Interpretation]

vous reçues de cette région au sujet des conséquences possibles que la modification des règlements aura sur l'industrie de la pomme de terre?

**M. Kirk:** Je ne pourrais pas dire que nous avons reçu des instances précises au sujet de l'industrie de la pomme de terre, mais en rédigeant le mémoire, nous avons consulté les organisations membres, notamment, le Conseil canadien de l'agriculture; c'est l'organisation qui, le plus souvent, s'occupe des pommes de terre. Et le mémoire est conforme à leurs opinions. Je n'ai pas reçu d'instances au sujet de cette question en particulier, mais je sais, bien sûr, que les producteurs de pommes de terre souhaitent de pouvoir prendre des mesures conformément au nouvel article 7 du Tarif des douanes. Ils espèrent pouvoir l'utiliser et l'utiliser dès que possible, j'en suis sûr.

**M. Flemming:** Dans le cas des pommes de terre les Maritimes, vous connaissez, bien sûr, leurs problèmes. Vous savez que très souvent, lorsque le marché canadien se raffermir, il est possible d'avoir non pas un wagon de pommes de terre, mais cinquante wagons. Et de l'autre côté de la frontière, cela devient un produit canadien. C'est vraiment un gros problème pour les producteurs. Je me rends compte que ces observations, qui se rapportent à l'industrie en général, devraient attendre qu'on discute tout le rapport du Comité, mais je voudrais que M. Kirk et le président de l'Association me disent qu'ils sont conscients de l'importance de cette question de l'importation des pommes de terre, et aussi des conséquences que cela pourra entraîner pour un large secteur de notre industrie agricole. Il s'agit peut-être d'une industrie de 40 millions de dollars et c'est très différent des jardins maraîchers; c'est vraiment un mode de vie, dans la vallée du Saint-Jean et dans presque toute l'Île du Prince-Édouard.

C'est donc une question vitale, monsieur le président; je m'excuse d'insister à ce point, mais je veux être sûr que la Fédération appuie totalement les instances que je présente et qu'elle sait que cette question est vitale pour les Maritimes.



[Texte]

**Mr. Kirk:** I can assure you, sir, that we are. The lack of a reference to potatoes, the inclusion of potatoes in the phrase "fruits and vegetables" is perhaps a fault that we were too brief in our description. However, we are very well aware that potato importation is a recurrent problem, and this surtax provision must be there and must be utilized in the interest of that industry. We are very much aware of that.

**Mr. Flemming:** Mr. Chairman, I do not want to have it appear that the potato producers are not satisfied with the way it has been handled; I think it has been handled well by the Department in the past, but they are concerned and worried about the possible changes that may come under this new legislation. Perhaps it would not be out of place for Mr. Hind or Mr. Arthur to say a word about it.

**The Vice-Chairman:** I think Mr. Arthur wants to make a comment, Mr. Flemming. Perhaps before he does, though, I might just draw your attention to the question of clause 37, distinguishing that from the dumping aspect. If there are no further questions on dumping then we will move right into the clause 37 area which is covered in the brief on page 12 under item (f).

**Mr. Flemming:** It makes no difference how we get it in as long as I get in under the umbrella.

**The Vice-Chairman:** I thought this might provide an opportunity for Mr. Arthur to make a general statement on this area as well. Mr. Arthur?

• 1815

**Mr. Arthur:** Mr. Chairman, I take it that we have moved to clause 37 now. The only comment I would like to make at this time is that the amendment proposed here carries forward the provisions now in the Customs Act for determining arbitrary values on products which have a disruptive consequence on the Canadian market. The draftsmen, Mr. Flemming, have assured us that the only difference in the proposed legislation from the existing legislation, is that under the present legislation it is done on the basis of a valuation and is referred to as a dumping duty, and when this amendment is enacted it will be in the form of a surtax. However, that is the only change. The provisions of the Customs Act section 40 and the various sub-sections, are carried forward into this new amended section.

**Mr. Flemming:** Well, Mr. Chairman, that is fine. May I ask Mr. Arthur a very brief question? In view of his knowledge of both the

[Interprétation]

**M. Kirk:** Je peux vous assurer, Monsieur, que même si on ne parle pas des pommes de terre en parlant de fruits et de légumes, c'est peut-être que nous avons été trop concis dans notre description. Mais nous connaissons très bien le problème. Les pommes de terre représentent un problème qui revient toujours. Et la surtaxe doit exister dans l'intérêt de cette industrie. Nous en sommes conscients.

**M. Flemming:** Les producteurs de pommes de terre sont satisfaits de ce qui a été fait, je sais que le ministère s'en est très bien occupé, mais ils s'inquiètent des changements qui pourront résulter de la nouvelle loi. Je pense que M. Hind, ou M. Arthur, pourrait peut-être ajouter quelques mots à ce sujet.

**Le vice-président:** M. Arthur voudrait ajouter quelque chose. Toutefois, je tiens à attirer votre attention sur l'article 37, au sujet du dumping. S'il n'y a pas d'autres questions sur le dumping, nous passerons donc à l'article 37 immédiatement. C'est ce qui est mentionné à la page 12 du mémoire, à l'article f).

**M. Flemming:** Tant que je suis couvert, cela va.

**Le vice-président:** M. Arthur pourrait peut-être faire un exposé sur ce sujet.

**M. Arthur:** Je suppose que nous passons maintenant à l'article 37, n'est-ce pas? Pour le moment, je voudrais seulement faire remarquer que la modification proposée conserve les dispositions de la Loi sur les douanes actuelles en ce qui concerne la détermination de la valeur arbitraire des produits qui démolissent le marché canadien. Les rédacteurs du projet de loi nous ont assuré, monsieur Flemming, que la seule différence, entre le projet de loi et la loi actuelle, c'est que, selon la loi actuelle, on se fonde sur l'évaluation et on parle de droits de dumping, tandis que lorsque la loi modifiée sera mise en vigueur, il s'agira d'une surtaxe. Mais c'est le seul changement. Les dispositions de l'article 40 et des divers paragraphes de la Loi sur les douanes sont maintenues dans le nouvel article modifié.

**M. Flemming:** C'est bon, monsieur le président. Puis-je poser une question très brève à M. Arthur? D'après ce qu'il sait de l'ancien

[Text]

old and the new section does he consider that the potato growers of—well, we will say the Maritimes, that is closest to my heart—will be receiving about the same degree of protection?

**Mr. Arthur:** Yes, sir. Under the conditions that prevail for the application of this section, the answer is yes.

**Mr. Flemming:** Thank you, Mr. Chairman, I think that is all. Mr. Hind at previous meetings I think had made a statement about this—am I not right, Mr. Hind?

**Mr. Hind:** Yes, Mr. Chairman, I did relate the use of the proposed section to potatoes in particular.

**Mr. Flemming:** Well, thank you, Mr. Chairman. That is my questions for the moment.

**The Vice-Chairman:** Is your question a supplementary, Mr. Hales?

**Mr. Hales:** Yes, Mr. Chairman.

**The Vice-Chairman:** Mr. Hales, and then I shall recognize Mr. Arthur in answer to Mr. Whelan's question, followed by Mr. Howard.

**Mr. Hales:** I take it that Mr. Arthur's remarks include all those products that we have been concerned with, not only potatoes but all horticultural products. I would like to mention some of them. Strawberries, cut flowers, cucumbers, carrots and the like would all qualify for this surtax under clause 37; is that right?

**Mr. Arthur:** Yes.

**Mr. Hales:** All right, I have one other question then. The amendment says:

...may by order of the Governor in Council ...

...be made subject to a surtax....

There is no time limit in this regulation. We set a time limit every other place that the Deputy Minister must "forthwith", but there is no time limit here. This surtax is applicable and we have named the products it may apply to, but if it is not put on in time there is a tremendous amount of damage done. Could we not put some time limit in there?

**Mr. Arthur:** Well, Mr. Chairman, when this question was raised previously we undertook to make proposals to Ministers as quickly as it was possible. I think if a time limitation were placed in this proposed amendment, it

[Interpretation]

article de la loi et du nouveau, estime-t-il que les producteurs de pommes de terre des Maritimes, disons, puisque c'est la région qui me tient le plus au cœur, seront aussi bien protégés qu'auparavant?

**M. Arthur:** Oui, monsieur. Dans les conditions qui régissent l'application de cet article.

**M. Flemming:** Merci, monsieur le président, je pense que c'est tout. Lors de réunions précédentes, M. Hind avait, je crois, fait une déclaration à ce sujet: N'est-ce pas, monsieur Hind?

**M. Hind:** Oui, monsieur le président, j'avais en effet appliqué l'article proposé aux pommes de terre en particulier.

**M. Flemming:** Bon. Merci, monsieur le président. C'est tout pour le moment.

**Le vice-président:** Est-ce une question supplémentaire, monsieur Hales?

**M. Hales:** Oui, monsieur le président.

**Le vice-président:** M. Hales, puis M. Arthur, qui répondra à la question de M. Whelan, et ensuite M. Howard.

**M. Hales:** Je pense que les observations de M. Arthur s'appliquent à tous les produits qui nous intéressent—non seulement aux pommes de terre, mais à tous les autres produits d'horticulture. Je voudrais en nommer quelques uns: les fraises, les fleurs coupées, les concombres, les carottes, etc. Tous ces produits entraîneraient la surtaxe mentionnée à l'article 37. Est-ce exact?

**M. Arthur:** Oui.

**M. Hales:** Bon. J'ai maintenant une autre question à poser. On dit, dans l'article modifié:

... peuvent, par ordonnance du gouvernement en conseil,

... être assujettis à une surtaxe...

Dans ce règlement, on ne précise pas de délai. Nous fixons un délai dans tous les cas où le sous-ministre doit «tout de suite», mais pas ici. La surtaxe est applicable, et nous avons cité les produits auxquels elle peut s'appliquer, mais si la chose n'est pas faite à temps, cela cause un préjudice énorme. Ne pourrions-nous pas fixer un délai?

**M. Arthur:** Monsieur le président, lorsque cette question avait été soulevée auparavant, nous avons présenté aux ministres aussi vite que possible des propositions à cet effet. Je crois que si l'on fixait un délai dans la modi-



[Texte]

might have certain consequences which would not be in the best interests of the Canadian producers.

**The Vice-Chairman:** Would you like to comment on Mr. Whelan's question, Mr. Arthur?

**Mr. Arthur:** I must confess, Mr. Chairman, I have forgotten Mr. Whelan's question.

**Mr. Hales:** Could we ask the witnesses, Mr. Kirk and Mr. Bentley if they are satisfied with the comments just made by Mr. Arthur on clause 37. Does it cover the problems that you have brought to our attention in the brief?

**Mr. Kirk:** We have raised a number of questions with respect to clause 37. One is, of course, intrigued by the fact that it was felt necessary at one time to adopt this particular section with respect to fruits and vegetables, when the opportunity was there to take action under another section which provided a formula basis for action to some extent and which gave specific recognition to that problem. Now the recondensation of this capability in the law for taking action into one clause that does not refer to agricultural or seasonal products is, of course, one that naturally causes concern immediately because one no longer has that specific recognition of the problem in the agricultural context.

• 1820

However, our position is that we are not inclined to be against neatness so long as it is quite clear that action will be taken. Our concern is that the problem is recognized; that the legislative capability is adequately there; and that the administrative procedures on a continuing basis of review with producers of agricultural problems of this nature be such that action can and will be taken when it should be taken promptly. That is our concern.

However, we were not inclined to say, "Well, we want this in three or four clauses, agricultural and non-agricultural", under conditions where all the assurances have been given to us that it is for purposes of efficiency and legislation not to do that. That is our position, and perhaps that is strategically wrong, but that is the assurance we have had. The intent as we understand it is that agriculture shall be dealt with under this clause as sympathetically or more sympathetically, as fully and more fully than it has in the past.

[Interprétation]

fiction proposée, cela pourrait avoir des conséquences désavantageuses pour les producteurs canadiens.

**Le vice-président:** Voudriez-vous répondre à la question de M. Whelan, monsieur Arthur?

**M. Arthur:** Je dois avouer, monsieur le président, que j'ai oublié la question de M. Whelan.

**M. Hales:** Pourrions-nous demander aux témoins, MM. Kirk et Bentley, si les observations que vient de faire M. Arthur au sujet de l'article 37 leur suffisent? Est-ce qu'elles résolvent les difficultés que vous avez portées à notre attention dans votre mémoire?

**M. Kirk:** Nous avons soulevé un certain nombre de questions au sujet de l'article 37. Il est quelque peu étonnant, bien sûr, que l'on ait cru nécessaire, à un moment donné, d'adopter cet article particulier à l'égard des fruits et des légumes, alors qu'il était possible de prendre des mesures en vertu d'un autre article, qui indiquait jusqu'à un certain point les démarches à suivre, et mentionnait clairement ce problème. Le fait que l'on ait recondensé cette disposition de la loi qui permettait de prendre des mesures dans un seul article qui ne mentionne pas les produits agricoles ou saisonniers est bien sûr cause d'inquiétude, car désormais ce problème n'est plus reconnu de façon claire et précise dans le contexte agricole.

Toutefois, nous ne voulons pas nous opposer à la clarté, tant qu'il reste bien évident que des mesures seront prises. Ce que nous voulons absolument, c'est que l'on reconnaisse le problème, que les dispositions législatives nécessaires soient présentes, et que la procédure administrative, fondée sur une révision continue, en collaboration avec les producteurs, des problèmes agricoles de cette nature, soit telle que les mesures seront prises lorsqu'elles le devront, et rapidement. C'est ce que nous nous soucions.

Toutefois, nous n'avions pas l'intention de dire que nous voulions cela en trois ou quatre articles, certains sur les produits agricoles, d'autres non, alors que l'on nous avait assuré qu'à des fins d'efficacité il valait mieux ne pas le faire. C'est là notre opinion, et c'est peut-être une erreur de stratégie, mais on nous a donné ces assurances. On a l'intention, d'après ce que l'on nous a dit, de traiter l'agriculture, dans cet article, de façon aussi, ou même plus, favorable et détaillée que par le passé.

[Text]

**The Vice-Chairman:** Mr. Roberts, do you have a supplementary?

**Mr. Roberts:** Mr. Chairman, perhaps I misunderstood this point, but has there not been a change if we now work under clause 37? You in effect will give the government a blank cheque to look at these problems, but their use of that blank cheque under the GATT agreement may bring into play the compensatory arrangements whereby other countries may ask for consideration under the compensatory arrangements. Is that not a new situation? Is the government not likely to be perhaps reluctant to use the power under this clause when they know it could cause other countries to ask for compensation for the impositions which are added to take into account the problems in the vegetable and fruit seasonal market situation. Are you not worried about that?

**The Vice-Chairman:** Mr. Kirk and then Mr. Arthur.

**Mr. Kirk:** I suppose I should not be speaking in explanation of this, but my point would be that if it has been the case that the existence in these previous sections in some way relieved us of our obligations under the GATT for action in this, then the government has not informed us of the fact. On the contrary, they have taken the position that those obligations were in full force, and are in full force. That is the position they have taken with us. If that is wrong, I wish I had known a long time ago.

**Mr. Arthur:** Well, that is not wrong, Mr. Kirk. Your understanding is correct that the opportunities for the exporting countries to take action under section 19 prevails in cases where action is now taken under section 40 and will continue under the proposed clause. There is absolutely no difference here.

**Mr. Roberts:** Perhaps I could rephrase the question and say that you will be no more reluctant now than you have been in the past. However, in the past has the existence or the possibility of the use of these compensatory arrangements made the government more reluctant to use the powers it had in this area?

**Mr. Arthur:** I think we have had to keep this in mind, Mr. Chairman. Any time that action has been contemplated under this particular provision there is always the risk that the exporting country, or the country against

[Interpretation]

**Le vice-président:** Monsieur Roberts, avez-vous une question supplémentaire à poser?

**M. Roberts:** Monsieur le président, j'ai peut-être mal compris ce point, mais, si c'est maintenant l'article 37 qui fait foi, n'y a-t-il pas eu une modification? En fait, vous allez donner au gouvernement carte blanche pour examiner ces problèmes, mais, s'il fait usage de son pouvoir, cela risquera, en vertu des accords du GATT, de faire entrer en jeu les dispositions compensatrices, et les autres pays risquent de demander que l'on considère ces dispositions. N'est-ce pas là une situation nouvelle? Ne pensez-vous pas que le gouvernement hésitera à utiliser les pouvoirs que lui confère cet article, puisque cela pourrait amener d'autres pays à des compensations pour les taxes supplémentaires nécessaires pour tenir compte des problèmes que posent les marchés saisonniers des fruits et des légumes. Est-ce que cette situation ne vous cause pas d'inquiétude?

**Le vice-président:** M. Kirk, puis M. Arthur.

**M. Kirk:** Ce n'est sans doute pas à moi à expliquer cela, mais je dirais que, si les articles précédents nous libéraient, pour prendre des mesures dans ce domaine, de nos obligations en vertu des accords du GATT, le gouvernement ne nous en a rien dit. Au contraire, il a insisté que ces obligations étaient en vigueur, et le sont toujours. C'est là ce qu'il nous a affirmé. Si c'est faux, il est bien dommage que je ne l'aie pas su plus tôt.

**M. Arthur:** Ce n'est pas faux, monsieur Kirk. Vous avez bien compris. Les pays exportateurs pourront en effet prendre des mesures conformément à l'article 19, dans les cas où ces mesures sont actuellement prises conformément à l'article 40, et cela continuera lorsque l'article proposé entrera en vigueur. Il n'y a aucune différence dans ce domaine.

**M. Roberts:** Je pourrais peut-être poser ma question différemment, et dire que vous n'hésitez pas plus maintenant que vous ne l'auriez fait dans le passé. Toutefois, est-ce que, dans le passé, l'utilisation, réelle ou éventuelle, de ces dispositions compensatoires a fait que le gouvernement a hésité davantage à faire usage des pouvoirs dont il disposait dans ce domaine?

**M. Arthur:** Je pense que nous avons été forcés de tenir compte de cela, monsieur le président. Chaque fois que l'on songe à prendre des mesures en vertu de cette disposition particulière, il y a le risque que le pays



[Texte]

whom you are placing arbitrary values, will indeed demand compensation.

**Mr. Roberts:** Well, then, I would like to come back to Mr. Kirk and ask if he is really satisfied with this kind of situation where perhaps the government does not have as strong an incentive as the agricultural community would like to use, and the kind of arrangements which exist in the present legislation, and the kind of arrangements that will exist under the proposed clause 37? Is there really sufficient protection here?

● 1825

**Mr. Kirk:** On that aspect of it, we have not been satisfied with the speed and often sometimes the adequacy of action under this section. We have not, as an organization, contemplated making a frontal attack on the GATT agreement, from the point of view of Canada's participation in this respect. But our belief is that it is increasingly and universally recognized that we must adequately deal with these problems of agricultural pricing stability. I think we recognize in the brief that this is not merely a protectionist position we are setting up here, as a Canadian agricultural organization. We are not against the Canadian government talking to other governments about this problem of dealing with it. We think it can be dealt with, and we think, as necessary, the Canadian government should bargain hard and fight hard to find compensatory arrangements, if necessary. This is the point we are making. Does that answer the question; I am not sure it does.

**Mr. Roberts:** Well, all I can say is that if you are happy, I am not too unhappy with the clause. I wonder, do you feel your suggestion that the word "serious" be removed from section 7 of the Customs Act will help in this regard?

**Mr. Kirk:** Yes, we rather dislike the word "serious" here. The word "serious" as we have noted does occur, in Article XIX, but as I think we have rightly pointed out, a word used in an instrument that is the basis for consultation, and a word used in legislation may be two different things. We rather dislike what we consider the possible dangers of on interpretations in Canada of this word "serious" that may be much more severe than is required for the GATT under proper circumstances, and with proper consultation. So we do not see the need or the desirability of that word. We think it should come out.

[Interprétation]

exportateur, ou celui envers lequel vous imposez des valeurs arbitraires, demande des compensations.

**M. Roberts:** Bon. Je vais revenir à M. Kirk et lui demander s'il est réellement satisfait de cette situation, où le gouvernement n'a peut-être pas des motifs aussi puissants que l'agriculture le voudrait, ainsi que des dispositions de la loi actuelle et de celles qui existeront dans l'article 37 proposé? Est-ce qu'elles assurent réellement une protection suffisante?

**M. Kirk:** A cet égard, nous ne sommes pas satisfaits de la vitesse à laquelle on a agi ni même toujours des mesures prises en vertu de cette disposition. Notre association n'a pas songé en bloc à attaquer de front les accords du GATT, du point de vue de la participation du Canada. Mais nous estimons qu'il est de plus en plus, et universellement, reconnu que nous devons aborder avec soin les problèmes de la stabilité des prix agricoles. Nous reconnaissons aussi, dans le mémoire, que ce n'est pas seulement une attitude protectionniste que nous adoptons ici, à titre d'association agricole canadienne. Nous ne nous opposons pas à ce que le gouvernement canadien parle aux autres gouvernements de ce problème. Nous pensons qu'il est possible d'y trouver une solution et que le gouvernement canadien devrait négocier et lutter avec acharnement pour trouver des compensations, si nécessaire. C'est cela que nous voulons. Est-ce que cela répond à la question? Je n'en suis pas certain.

**M. Roberts:** Tout ce que je peux dire, c'est que, si vous êtes content, je suis moi aussi assez satisfait de cet article. Est-ce que vous estimez que si le mot «grave» était éliminé de l'article 7 de la Loi sur les douanes, comme vous l'avez proposé, cela serait utile de ce point de vue?

**M. Kirk:** Oui. Nous n'aimons pas beaucoup le mot «grave» ici. Je sais qu'il figure dans la clause XIX, mais, comme nous l'avons fait remarquer à juste titre, un mot placé dans un instrument qui sert à la consultation et un mot placé dans une loi peuvent être deux choses différentes. Nous n'aimons pas ce que nous considérons comme les dangers possibles d'une interprétation au Canada de ce mot «grave», qui peut être beaucoup plus stricte qu'il n'est normalement nécessaire avec le GATT, s'il y a une consultation satisfaisante. Nous ne voyons donc pas la nécessité ou l'intérêt d'utiliser ce mot, et nous pensons qu'on devrait le supprimer.

[Text]

**Mr. Roberts:** I really do fear that the government or administration might not be sensitive enough, as I would like them to be, in dealing with the kind of problem that you have discussed in your brief particularly in the fruit vegetable importations, the seasonal problems. I think the very great problems at least for parts of the country.

I wish we could get at it in some way that was more explicit and specific than simply a rather blank cheque delegation of powers to the Governor in Council, or the administration or the government to look at the problem and really do with it what they think it wise to do. That is not what I would say is the ideal principle for establishing legislation.

**Mr. Kirk:** Well, I would make one final comment on that. We did feel—we did not express it this emotionally, perhaps, in the brief—the determination to utilize that word “serious” out of Article XIX showed a little bit of animus actually, perhaps, and we would like it out of there.

**The Vice-Chairman:** Just one moment, Mr. Hales; I have Mr. Howard down first. Have you a comment on this Mr. Howard?

**Mr. Howard (Okanagan Boundary):** Yes, this clause interests me very much because I talked to the tariff specialists with B. C. Tree Fruits Limited, a selling organization in British Columbia, and their reaction to this situation is that the position the government very often takes on these problems is such that the time lag involved is enough to negate any action that is taken. Where you are dealing with a perishable product and a seasonal product—I am talking about apricots or peaches, cherries perhaps, and a number of other commodities of that kind—unless the action is taken within a matter of hours, then the price on the market is broken, and the farmers lose, in effect, the price protection for a whole season. The Americans are in the position because of the difference in seasons of being able to put peaches on the market well ahead of the Canadian producer. When the American peaches have passed their peak, are in their decline and their prices have dropped to the point where they are sloughing them off for any price they can get, the Canadian product first comes on the market. This does not apply just to peaches, it applies to many items. By the time the Department here in Ottawa takes action on this or similar situations, the time factor has become so great that the action is of no value.

[Interpretation]

**M. Roberts:** Je crains réellement que le gouvernement ne fasse pas preuve de toute la compréhension que nous souhaiterions dans l'étude des problèmes que vous avez exposés dans votre mémoire, surtout en ce qui concerne l'importation des fruits et des légumes, c'est-à-dire les problèmes saisonniers, les problèmes vraiment graves, surtout dans certaines parties du pays. Je voudrais que nous puissions aborder cela de façon plus explicite et plus précise au lieu de déléguer en vain au gouverneur en conseil, à l'administration, ou au gouvernement pleins pouvoirs pour examiner le problème et prendre les mesures qu'ils jugent bonnes. Ce n'est pas, à mon avis, le principe conducteur idéal pour mettre des lois sur pied.

**M. Kirk:** Je voudrais ajouter une dernière chose à ce sujet. Nous estimons—même si nous ne l'avons pas exprimé avec autant de force dans notre mémoire, que la décision d'utiliser le mot «grave» comme dans la clause XIX dénote une certaine animosité, et nous aimerions qu'on le supprime.

**Le vice-président:** Un instant, monsieur Hales c'est le tour de M. Howard. Avez-vous une observation à faire à ce sujet, monsieur Howard?

**M. Howard (Okanagan-Boundary):** Oui. Cette question m'intéresse au plus haut point, car j'ai parlé aux spécialistes du tarif douanier de la *Tree Fruits Limited* de la Colombie-Britannique, une association de vente. Ils estiment que bien souvent l'attitude du gouvernement à l'égard de ces problèmes est telle que la perte de temps peut annuler l'effet de toutes les mesures qui sont prises. Lorsqu'il s'agit de produits saisonniers et périssables, comme les abricots, les pêches ou les cerises et bien d'autres denrées de ce genre, si les mesures ne sont pas prises en quelques heures, le prix sur le marché n'est plus stable, et les agriculteurs perdent, en fait, la protection du prix pour toute la saison. Les Américains sont dans une meilleure position à cause de la différence dans les saisons: les pêches peuvent être mises en vente bien longtemps avant les nôtres. Les pêches américaines sont déjà à leur déclin, les prix baissent, et à ce moment-là, les premières pêches canadiennes apparaissent sur le marché. Cela s'applique aux pêches et à bien d'autres produits aussi. Mais, avant que le ministère se décide à prendre des mesures, le facteur temps est si important que les mesures sont inutiles.



[Texte]

• 1830

I think of equal importance is the other aspect that Mr. Roberts raised, that the Department seems too timid to deal with the Americans on these problems. They seem to be afraid they are going to get their knuckles rapped; they are afraid to get out and act and put the kind of spirit into it that is necessary in order to confront particularly the Americans because we run into it more often there than we seem to in other areas. Unless the Department is prepared to confront the Americans right at the time and take the chance that there might be some compensatory action on the part of the Americans—the chances are it would be a bluff as has been proven in the past that it was usually bluff—then this whole clause is quite ineffective as far as the producers of Canada are concerned.

I would like to have some comments from the departmental officials on this.

**The Vice-Chairman:** Before we invite the officials to comment, Mr. Hales might like to make his point.

**Mr. Hales:** Yes, I would like to ask the officials if Mexico was a signatory to this Code and is Mexico a member of GATT? If not, how can the Department handle or suggest we handle some form of protection on products such as carrots, tomatoes and strawberries from Mexico into Canada? I think this was the question Mr. Whelan had in mind which you might answer that at the same time.

**Mr. Arthur:** Mr. Chairman, this amendment that is being proposed has nothing to do with the Anti-dumping Code and, therefore, it does not apply, as has been suggested, only to those countries that are signatories to the GATT. If importations from Mexico or any other country had a disruptive effect and it was considered that action should be taken under this section, it can be taken. I would like to repeat this, Mr. Chairman. This particular clause that we are now talking about is quite consequential to the Anti-dumping Code and has no relevance to that particular Code.

**Mr. Gray:** If I may supplement what Mr. Arthur has just said, we find this reference to the machinery for dealing with low cost imports in the White Paper because, I gather, in the past it was located in about the same spot in the legislation and its wording and location caused some confusion in various ways. To clarify this matter, a part of the Bill which was designed to set up our new anti-dumping law has provisions in it to put the reworded machinery for dealing with low cost

[Interprétation]

Il y a un autre aspect aussi, dont M. Roberts a parlé, et c'est également important. Le ministère semble trop timide pour traiter avec les Américains. Le gouvernement craint, n'ose pas agir, et n'agit pas comme il se doit pour faire face aux Américains—je parle des Américains, car il s'agit surtout d'eux—nous les voyons plus souvent que les autres.

Si le ministère n'est pas prêt à agir immédiatement, et s'il n'est pas prêt à faire face aux Américains, même au risque de leur voir prendre des mesures de réciprocité—d'habitude, dans le passé, il s'est surtout agi de bluff—l'article n'a aucune efficacité pour les producteurs canadiens.

Je voudrais avoir les commentaires des hauts fonctionnaires là-dessus.

**Le vice-président:** Avant d'entendre les fonctionnaires, peut-être que M. Hales aurait quelque chose à dire.

**M. Hales:** Le Mexique est-il un des signataires de cet accord sur le code international? Est-ce que le Mexique est un membre de GATT? Sinon, comment le ministère peut-il, pourrait-il suggérer que nous ayons une sorte de protection contre les produits mexicains, tels que les carottes, les tomates, les fraises?

**M. Arthur:** Cette modification que l'on propose n'a rien à voir avec le code anti-dumping, et par conséquent, il ne s'applique pas, comme on l'a suggéré, seulement aux pays qui ont signé l'accord de Gatt. Si les importations du Mexique ou de tout autre pays ont un mauvais effet sur le marché, qu'on doit prendre des mesures, on peut les prendre. On peut prendre des mesures suffisantes. Et je le répète, monsieur le président, cet article, en particulier, dont nous parlons, est important, mais il est indépendant du Code antidumping.

**M. Gray:** Nous trouvons la référence aux machines importées à des prix très bas dans ce Livre Blanc, parce que, dans le passé, si j'ai bien compris, la terminologie de la loi a causé de la confusion, et une partie du bill qui vise à établir notre loi antidumping veut que l'on traite des importations à bas prix dans une autre partie du Tarif des douanes, afin que la loi soit très claire et qu'il n'y ait pas confusion comme il y a souvent avec les dispositions de la loi anti-dumping.

[Text]

imports into another part of the Customs Tariff Act so that it will be quite clear just what this machinery is designed to do and it will not be too confused, as is often the case we saw this at the beginning of the discussions—with anti-dumping provisions.

I would like to add also that, as far as I am aware, what Mr. Arthur said about the provisions to deal with low cost imports not being limited in their applicability to countries which have signed the GATT, can also be applied to our draft anti-dumping Bill. Exporters from countries which are not signatories of the GATT who contravene the provisions of this proposed law with respect to dumping and injury will be subject to the duties to the same extent as countries which do belong to the Code. There is nothing in either the provisions to take care of the problem of low cost imports or the proposed bill to set up machinery to deal with dumping which limits their impact to countries which have signed the GATT.

• 1835

**The Vice-Chairman:** Are there further questions? Mr. Howard, do you have a supplementary question?

**Mr. Howard (Okanagan Boundary):** I am still not clear about the time of action on clause 37.

**The Vice-Chairman:** Perhaps we could ask Mr. Hind or Mr. Arthur to comment on this question of time.

**Mr. Arthur:** Mr. Chairman, the only comment I can make is that based on the information that is available, officials in the various departments that are concerned with these particular products whatever they may be, make recommendations to Ministers, the Ministers propose action and that is accomplished as quickly as it can be. I think here, certainly in the course of this, we are mindful of the possibility that the country against whom the arbitrary action has been taken may well demand compensation. However, I think that actions have been taken even when it has been anticipated that compensatory payment will be made against the action we have taken and I believe that in the Committee Mr. R. Y. Grey cited the case of corn.

**Mr. Howard (Okanagan Boundary):** I am still concerned about this. I know of a specific instance where, I think, five government departments had to get together in order to come to some decision on what action might be taken on a specific item. You know that

[Interpretation]

Mais en autant que je sache, ce que M. Arthur a dit au sujet des dispositions concernant les importations à bas prix qui ne sont pas limitées dans leur application aux pays qui ont signé les accords Gatt, s'applique aussi à notre avant-projet de loi sur l'anti-dumping. Les pays exportateurs qui ne sont pas signataires des accords Gatt, qui vont à l'encontre des dispositions de cette nouvelle loi concernant le dumping, il n'y a rien dans les dispositions de la loi qui traite des importations à bas prix ou dans le projet de loi qui permette d'établir un mécanisme pour réduire les effets du dumping, ce qui limite leur effet aux pays membres du Gatt.

**Le vice-président:** Est-ce qu'il y a d'autres questions? M. Howard, est-ce que vous avez quelque chose à ajouter?

**M. Howard (Okanagan-Boundary):** J'aimerais des éclaircissements sur l'article 37.

**Le vice-président:** On pourrait peut-être demander à M. Hind ou à M. Arthur de répondre.

**M. Arthur:** Monsieur le président, le seul commentaire que je pourrais faire à ce sujet est fondé sur les renseignements à notre disposition. Les fonctionnaires des divers ministères qui s'occupent de ces produits, quels qu'ils soient, font des recommandations aux ministres. Les ministres proposent des mesures à prendre. On prend ces mesures aussi tôt que possible, aussi rapidement que possible.

Je pense qu'au cours de ce processus, nous n'oublions pas, nous tenons compte de la possibilité que le pays contre lequel les mesures sont prises peut demander une certaine compensation. Mais je pense que l'on a pris des mesures même lorsqu'on a anticipé qu'il faudrait payer la compensation à cause des mesures que nous prenons. Et je pense que M. Grey a parlé du cas du maïs en particulier.

**M. Howard (Okanagan-Boundary):** Je suis toujours intéressé à cette question. Il y a un cas, où je pense que cinq ministères ont dû se réunir pour prendre une décision sur les mesures à prendre au sujet d'un article en particulier. Vous savez que même dans les cas



[Texte]

even under the most emergency conditions by the time you get representatives of five departments together, they gather all their specialists and get in one place for a meeting; then go back to gather more information and talk it over again it becomes impossible to take action within 24 or 48 hours or sometimes within 48 days Unless the operation of this clause is better than the operation of the previous one, it still will not be very effective.

**Mr. Kirk:** I would like to make a couple of comments on this. I completely agree that speed and timeliness is of the essence of this matter. First of all, we hope that the operation of reviewing and revising this legislation will, in fact, have clarified and have given better recognition to the role that this new clause which will replace the old section 40A should have in agriculture. That is what we hope for—I think there is some indication that this may be true—but that is what we hope for.

With respect to a time limit, I must say we have not given a lot of thought to this. I think perhaps our instinctive reaction was that if you put in a time limit that for some circumstances is reasonably long enough, you are going to be running up to the end of that time limit every darn time, and we do not want that. First of all, we want this provision that it is only upon importation that action can be taken to be removed because in some circumstances it is precisely at the beginning of importation in large quantities that the trouble occurs.

We want procedures, understandings and consultative arrangements between producers and government that provide a systematic continuing basis of examination that will place us in a stance of readiness at all times. Now, that is our objective. We do not want you to start the whole argument about the nature of the GATT, for heaven's sakes, every time a problem arises. That is what we want.

**Mr. Gray:** I could be wrong on this, but I think the wording of the proposed clause reflects the wording of the GATT which has some reference to goods being imported. Am I right on that Mr. Hind?

• 1840

**Mr. Hind:** Article XIX reads:

... in such increased quantities and under such conditions as to cause or threaten serious injury ...

**Mr. Gray:** I was going to say—subject to correction—that if the wording of the clause

[Interprétation]

les plus urgents, lorsqu'il faut réunir les représentants de cinq ministères qui amènent avec eux leurs experts, et doivent se réunir, et ensuite aller chercher d'autres renseignements, en discuter, on ne peut pas prendre une décision dans les vingt-quatre heures ou dans les quarante-huit heures, et même parfois dans les quarante-huit jours. A moins que l'application de cette disposition soit plus facile que celle de l'ancienne disposition, la situation demeurera difficile.

**M. Kirk:** Je suis tout à fait d'accord que le temps est un élément très important. Tout d'abord, nous espérons que la préparation et la revue de cet article feront que, dans la préparation de ce nouveau projet de loi, on reconnaîtra mieux le rôle que cette loi doit jouer dans le domaine de l'agriculture. Nous espérons cela. Cela est peut-être vrai dans certains cas, mais nous espérons que c'est ce qui arrivera.

Quant à fixer un temps-limite, nous n'avons pas étudié la question à fond. Mais nous avons pensé que si il y avait une limite de temps, que dans certaines circonstances, que les fonctionnaires prendront tout ce temps pour régler la question, et c'est ce que nous ne voulons pas. Tout d'abord, nous voulons faire enlever cette disposition qui prévoit que c'est seulement à l'importation que des mesures sont prises. C'est toujours au début de l'importation en grande quantité qu'il y a des difficultés.

Nous voulons qu'il y ait des arrangements consultatifs entre les producteurs et le gouvernement et des consultations entre eux, afin qu'il y ait un processus d'examen continu, permanent, qui nous placera en état d'alerte à tout moment.

C'est là notre objectif afin qu'on ne parle plus des accords Gatt chaque fois qu'un cas se présente. C'est ce que nous voulons.

**M. Gray:** Peut-être que je me trompe, mais je pense que la terminologie de l'article subit la terminologie de l'accord Gatt au sujet des marchandises importées.

**M. Hind:** L'article XIX parle de quantité si importante et à des prix si bas que cela pourrait nuire à l'industrie du pays.

**M. Gray:** Peut-être que je me trompe encore une fois, mais si la terminologie de

[Text]

is consistent with and reflects the provisions of the section in the GATT then obviously that is a factor that limits the room in which the draftsmen could operate. I also say, as a layman and I could be wrong, that the draft clause itself does not have any specific requirements as to quantity of imports before administrative procedures can be undertaken.

**The Vice-Chairman:** Mr. Kirk, do you want to comment?

**Mr. Kirk:** Yes. As you know we were in communication with the Minister of Finance about some of our concerns in this proposed legislation, as we noted in the brief. The Minister of Finance pointed out that this business about when imports occur that cause or threaten injury is the wording in the GATT and I quite agree. Our point is, though, that at bottom this must be a question of working out a policy that will be found and can be found acceptable, internationally, to a reasonable degree. This is not a matter overriding all major opposition and we say, again, that the GATT agreement is an instrument as a basis for consultation. The essence of the GATT is that if you do not like what happens, you complain and you consult. I do not see why we have to have that precise wording in the legislation. I still do not see it.

**Mr. Gray:** Mr. Chairman, if Mr. Kirk is suggesting that the wording of the clause would prevent the government from consulting, negotiating or discussing problems of this sort with other countries prior to the sort of importation contemplated by the GATT or by the clause itself, then I at least as a student of the matter, let us say, would not be in agreement. This was the implication on page 8 of the brief and I made a note, frankly, to question that. On page 8 of the brief, just at the bottom of paragraph 18 it suggested that somehow the existence of either Section 40A or the proposed section 7 would prevent the government from carrying out consultations and negotiations of the kind you contemplate prior to any importation within the volume required to start this machinery in operation. With all due respect, I do not think that is the case. As someone who comes from an area where there is interest in this fruit and vegetable question, I hope that our government would be very active in carrying out such consultations, irrespective of any action under the proposed section 7, action which I also hope will be, in any event, as expeditious as possible.

**The Vice-Chairman:** Gentlemen, are there further questions with respect to clause 37? If there are no further questions I would...

[Interpretation]

l'article est conforme aux dispositions de l'accord de Gatt, évidemment, c'est un facteur qui limite l'application. Je ne suis pas un expert, et peut-être que je me trompe encore une fois, mais je ne pense pas que le projet de loi mentionne la quantité de produits qui peut être importée avant que des mesures ne soient prises.

**Le vice-président:** Monsieur Kirk, est-ce que vous avez quelque chose à dire?

**M. Kirk:** Oui. Comme vous le savez, nous sommes en rapport avec le ministre des finances au sujet des points qui nous inquiètent. Le ministre des finances a fait remarquer que le libellé du bill ressemble au libellé du Gatt. Je suis tout à fait d'accord sur ces mots, mais ce que nous voulons dire, c'est qu'au fond, ce doit être une question d'établir une ligne de conduite qui peut être acceptable, au point de vue international, jusqu'à un certain point raisonnable. Il ne s'agit pas de faire disparaître toute opposition, et nous disons que l'accord Gatt est un instrument qui sert de base aux consultations. D'après l'accord de Gatt, on peut se plaindre si on n'est pas satisfait. Et on se consulte. Je ne dis pas qu'on doit utiliser exactement les mêmes termes, dans notre projet de loi.

**M. Gray:** Monsieur le président, si M. Kirk suggère que la terminologie de l'article empêcherait le gouvernement de consulter ou de négocier, de discuter de problèmes de ce genre avec les autres pays, je ne suis pas d'accord. Et c'est ce qu'on laisse entendre à la page 8 du mémoire. A la page 8, à la fin du paragraphe 18, on dit que l'article 40A ou l'article 7 proposé empêcherait le gouvernement de faire le genre de consultation avant l'importation du volume requis pour que le processus se mette en marche. Je ne trouve pas que c'est juste. Je ne pense pas que ça les empêche de le faire, et je pense qu'une personne qui vient comme je viens, d'un district qui s'intéresse beaucoup à ces problèmes, au sujet des fruits et des légumes, j'espère que l'on agira aussi rapidement que possible.

**Le vice-président:** Est-ce que vous avez d'autres questions au sujet de l'article 37? Si vous n'avez pas d'autres questions...



[Texte]

**Mr. Burton:** Mr. Chairman, I was just going to ask a question with respect to point (g) at the bottom of page 12 the reference to timeliness. Do I understand correctly that this is a reference solely to administration without any relationship in the comment itself to the legislation or particular wording of the legislation?

**Mr. Kirk:** Our recommendation only has relevance to the wording of the legislation in so far as this matter of "upon importation" is concerned. Only in so far as what we conceive as some of the dangers of that are we concerned.

• 1845

**Mr. Flemming:** I would like to ask Mr. Kirk a question in connection with the proposed amendments on page 12. The Federation suggests the amendment to delete the word "serious". Have you any information on just how serious the word "serious" is.

**Mr. Kirk:** No, I have not gone into a legal study on that question sir. I do not think it would be a very productive study. However, it does provide opportunities for severe attitudes to be very successfully implemented under some conditions because the word is there to be used. We think that "serious" is serious, and it can be interpreted very narrowly and very stringently. It could be in the future, and we do not think it is necessary or desirable to have that word in. We think it is a hazard.

**Mr. Flemming:** I certainly am not taking issue with that point of view. However, it seems to me it might be appropriate for the Federation, as interested as widespread as they are, to contact the officials and get an idea of the attitude.

**Mr. Burton:** Would I be correct in saying Mr. Chairman that there is nothing in the Customs Tariff Act now that would define "serious". So really the term "serious" is subject to definition after passage of the Bill if it remains as it is? Is this not the point Mr. Kirk?

**Mr. Kirk:** That is how we felt.

**Mr. Burton:** It depends on how it is interpreted by the authorities following passage. It is really a blank cheque, within certain limits of course, in terms of its application.

**Mr. Arthur:** I take it that Mr. Kirk's concern here is that the interpretation will be that the importations are not considered to be a serious threat. I think it is subject to inter-

[Interprétation]

**M. Burton:** J'allais poser une question au sujet du point g), au bas de la page 12, au sujet du temps: dois-je comprendre que cela se rapporte seulement à l'administration et ce commentaire ne s'applique pas à la loi, ni à la terminologie de la loi projetée?

**M. Kirk:** Notre recommandation ne s'applique qu'à la terminologie du projet de loi, en autant que cela concerne le moment de l'importation.

**M. Flemming:** J'aimerais demander à M. Kirk, au sujet de sa proposition à la page 14, est-ce qu'il a des renseignements au sujet du terme «grave, sérieux»?

**M. Kirk:** Non, je n'ai pas étudié cette question, et pour ma part je ne pense pas que ce soit très utile. Mais nous pensons qu'on peut interpréter le terme «grave» de différentes façons, et d'une façon très stricte, et nous ne pensons pas que ce soit nécessaire ou désirable d'inclure le mot «grave». Cela comporte des risques.

**M. Flemming:** Il me semble que la fédération étant intéressée à des domaines aussi vastes qu'il serait bon qu'elle se mette en rapport avec les fonctionnaires pour avoir une idée de leur attitude à ce sujet.

**M. Burton:** Ai-je raison de penser, monsieur le président, qu'il n'y a rien dans la loi du tarif douanier qui définisse le terme «grave». On devrait donc donner une définition à ce terme uniquement une fois le bill accepté.

**M. Kirk:** C'est cela.

**M. Burton:** Tout dépend de la façon dont les autorités interpréteront la loi après qu'elle sera adoptée. Cela donne donc aux fonctionnaires presque carte blanche pour l'interprétation.

**M. Arthur:** Oui, je pense que ce qui inquiète M. Kirk, c'est que l'interprétation serait que les importations ne comportent pas un danger grave, une menace grave. Je pense

[Text]

pretation and really all I can say Mr. Chairman is that we have noted the comments of The Canadian Federation of Agriculture.

**The Vice-Chairman:** Gentlemen, we have been listening to a very serious discussion. Are there any more comments, before we adjourn, from any members of the Committee? Mr. Trudel?

**Mr. Trudel:** I have just one brief comment Mr. Chairman, and it has to do with seasonal. Am I correct in assuming, Mr. Kirk, that this would apply to approximately 20 per cent of the goods that we produce compared to our need? We still have to rely for about 80 per cent of the agricultural produce on sources outside of the country?

**Mr. Kirk:** No, I think we produce much more than 80 per cent of our consumption of agricultural produce in Canada.

**Mr. Trudel:** Would you care to put a percentage or is this feasible?

**Mr. Kirk:** It is feasible. I do not have that figure. Every time we have tried to reach a figure we have become involved in fantastic definitional problems of agricultural products, all the way from HP sauce right through. It is really quite a difficult little technical problem.

We do, of course, have substantial importations of fruits and vegetables, and the tropical products. However, we supply most of our own temperate zone agricultural products.

**Mr. Trudel:** Thank you Mr. Chairman.

**The Vice-Chairman:** Mr. Burton?

**Mr. Burton:** I have a question with respect to paragraph (f)iii on page 12. It is the paragraph regarding a suggested amendment...

... to provide for action to be taken upon threat of importation and not only following importation.

I visualize some difficulties in this, although I appreciate the problem that is in mind here. The thought that crossed my mind really was whether it would not be possible to consider a measure which could be applied to an import provided there were a protest or some action taken within a specified time after a shipment had entered the country?

• 1850

**The Vice-Chairman:** Are you addressing your question to Mr. Kirk?

**Mr. Burton:** Yes.

[Interpretation]

que cela est sujet à interprétation et tout ce que je peux dire, monsieur le président, c'est que nous avons noté les remarques de la Fédération canadienne de l'agriculture.

**Le vice-président:** Messieurs, nous avons eu une discussion très intéressante, très sérieuse. Est-ce que vous auriez quelque chose à ajouter avant qu'on lève la séance? M. Trudel.

**M. Trudel:** Un commentaire assez bref, monsieur le président, qui concerne le mot «saisonnier». Dois-je comprendre, monsieur Kirk, que cela s'applique à environ 20 p. 100 des produits, des choses que nous produisons. Nous devons nous en remettre aux pays étrangers pour environ 80 p. 100 des produits que nous consommons?

**M. Kirk:** Non, je pense que nous produisons plus que 20 p. 100 des produits agricoles que nous consommons.

**M. Trudel:** Est-ce qu'il est possible de nous donner un chiffre?

**M. Kirk:** Je n'ai pas ce chiffre. Chaque fois que nous avons essayé de le déterminer, nous sommes en butte à des problèmes de définition très compliqués, mais nous avons des importations très substantielles de fruits et de légumes, surtout les produits tropicaux. Mais nous produisons la plus grande partie des fruits et légumes qui poussent dans les zones tempérées.

**M. Trudel:** Merci, monsieur le président.

**Le vice-président:** Monsieur Burton.

**M. Burton:** Au sujet de l'alinéa (iii) f), à la page 14, l'alinéa concernant une modification proposée. Vous demandez d'amender la loi de manière à prévoir une possibilité d'intervention dès qu'il y a une menace d'importation.

La question que je me pose: il n'est pas possible de songer à une mesure qui pourrait être appliquée à une importation avant qu'il y ait une plainte portée à la suite de l'importation d'un produit.

**Le vice-président:** C'est une question pour M. Kirk?

**M. Burton:** Oui.



[Texte]

**Mr. Kirk:** On the threat of importation, there are many agricultural market situations where the threat of importation is perfectly clear long before the importation would occur. In cyclical markets one can anticipate a cyclical decline in price before the decline in price occurs. Crop conditions are observable as you go along, as you know. So on that point I think there are many circumstances under which you can identify the threat of importation.

Again I do not think I have anything very much to add to my previous comment. As I gather, you are speaking of the possibility of putting in particular time provisions. I am not at all against strengthening this clause for purposes of effective action under it. As I say, I think if the clause works properly action should be taken 49 times out of 50 very much sooner than any stated time period is likely to provide for and that the government would tolerate for those other occasions when it in fact is going to have to undertake a new investigation. So I just am a little skeptical.

Certainly if it led to the government taking the view that it had 90 days, or 60 days, or 30 days, then that would be a very bad thing. That is all I could say about it. I appreciate very much the motivation behind it, and if I am wrong then it is too bad.

**Mr. Flemming:** My question Mr. Chairman is either to Mr. Arthur or Mr. Hind, and again I come back to my potatoes. Generally speaking, we ship a lot more potatoes out of Eastern Canada into the United States than they ship to us. There is no question about that. I am concerned about whether the same general rules under the GATT and the Code apply to the situation in reverse? If we were shipping potatoes into the United States market would the same general conditions apply as far as the entry into that market is concerned?

**Mr. Arthur:** Mr. Chairman, I am not sufficiently familiar with those sections of the United States legislation to reply but I may be able to get you the answer in just one minute.

Mr. Chairman, I am informed that one rate applies up to a certain quota or quantity of imported potatoes, and then another rate applies above that quantity, and there is U.S. legislation which would permit them to take action similar to that contemplated in the clause we are now discussing.

• 1855

**Mr. Kirk:** Yes, this is a little bit of a new subject sir, but before you close I would like

[Interprétation]

**M. Kirk:** Au sujet de la menace d'importation, il y a beaucoup de situations où la menace d'importation est tout à fait claire longtemps avant que l'importation ne se produise. Dans les marchés cycliques, on peut prévoir les diminutions de prix avant qu'elles ne se produisent. Les conditions de récolte sont prévisibles, sont faciles à constater. Il y a des circonstances où on peut prévoir la menace d'importation.

Encore une fois, je n'ai pas grand-chose à ajouter à ce que j'ai déjà dit. Vous parlez de la possibilité de fixer un temps limite, de prévoir des dispositions de temps. Je ne suis pas du tout contre, je ne m'oppose pas à renforcer cette disposition. Du tout, mais comme je l'ai déjà dit, je pense que si l'article est appliqué convenablement, 49 fois sur 50 on peut prendre des mesures beaucoup plus rapidement que n'importe quel délai prévu, et que le gouvernement se montrera tolérant pour les occasions où il devrait entreprendre des enquêtes. Je suis un peu sceptique sur ce point, et certainement si cela portait les fonctionnaires à penser qu'ils peuvent profiter d'une période de 90 jours et qu'ils prendraient tout le temps à leur disposition, cela serait très mauvais. J'apprécie beaucoup le motif.

**M. Flemming:** Monsieur le président, je dirige ma question à M. Hind ou à M. Arthur.

J'en reviens aux pommes de terre. En général, l'Est du Canada expédie beaucoup plus de pommes de terre aux États-Unis qu'ils ne nous en expédient. Il n'y a pas de doute là-dessus.

Est-ce que les règles générales, d'après l'accord de GATT et le code, s'appliquent à une situation contraire? Si nous expédions des pommes de terre au marché américain, est-ce que les mêmes conditions prévalent que celles qui régissent l'entrée des pommes de terre des États-Unis au Canada?

**M. Arthur:** Monsieur le président, je ne suis pas assez au courant des articles de la loi américaine, mais je peux obtenir cette réponse en un moment.

Monsieur le président, on me dit qu'il y a un taux jusqu'à une certaine quantité de pommes de terre importées et un autre taux s'applique lorsque la quantité est plus considérable. Il y a une loi américaine qui leur permettrait de prendre des mesures semblables à celles qui sont prévues dans l'article que nous discutons en ce moment.

**M. Kirk:** Oui, c'est une question nouvelle. Je voudrais, avant que vous ne terminiez, que

## [Text]

a comment, or reassurance I guess, with respect to subparagraph iv on page 12 about the rate of surtax. I do not expect there is a problem here, but it is quite clear if there is a rigidity about the amount of the tax in dollars and cents involved in the framing of an Order in Council under this legislation that would be bad.

I would like reassurance also on the point (ii) about this 180 days. It is important that that not be handled...

I would again re-emphasize that it is not a question of being at all against parliamentary scrutiny of these matters; it is a question of not wanting to get hung up on this "passage by Parliament" provision in such a way that we cannot go ahead and do what we should do.

**Mr. Arthur:** Mr. Chairman, I will reverse my answer and take the last point that Mr. Kirk raised first. The question of the 180 days and the problem of parliamentary approval after that period of time. This matter has been brought to the draftsmen's attention and we will be reporting to you on this particular aspect. As to the rate of surtax there is no restriction contemplated. It will be determined as each case arises.

**The Vice-Chairman:** Does that reassure you Mr. Kirk?

**Mr. Kirk:** I am sure it will be determined as each case arises Mr. Chairman. My point is that if you pass an Order in Council under conditions of depressed prices for the protection of the domestic product, then that Order in Council cannot be changed hour by hour and day by day if the rate of surtax is defined in cents. The rate of surtax must be defined as the difference between a level of price and the imports price or it will not work. That is the point I am making. It must be capable of such definition.

**The Vice-Chairman:** A good point.

**Mr. Gray:** I think Mr. Kirk has made a very good point which I think is being noted with a great deal of attention by the officials.

**The Vice-Chairman:** Gentlemen, I think we have reached to the point where we can thank the officials of The Canadian Federation of Agriculture for coming here today; for their brief and eloquent statement on behalf of the Federation. Thank you for coming.

**Mr. Bentley:** Thank you very much Mr. Chairman.

**The Vice-Chairman:** This meeting is adjourned until Tuesday.

## [Interpretation]

vous nous disiez un mot de l'alinéa (iv), page 14, au sujet de la surtaxe. Il est manifeste que si le montant de l'impôt en dollars est en quelque sorte rigide, aux termes d'un décret du Conseil obtenu en vertu de la loi, ce ne serait pas bon. Cela ne devrait pas être.

Je voudrais qu'on me rassure là-dessus.

J'aimerais revenir à ce point (ii), je pense que les 180 jours prévus suscitent certaines inquiétudes, nous ne sommes pas opposés à l'examen par le Parlement de ces questions. Nous ne voulons pas être gênés de façon à ce que nous soyons empêchés de faire ce que nous devons faire.

**M. Arthur:** Je vais répondre d'abord à la dernière question soulevée par M. Kirk. Je parle de la question de 180 jours et la question de l'approbation parlementaire. Cette question a été signalée aux rédacteurs de la loi et nous vous ferons un rapport sur cet aspect particulier de la situation. Quant aux taux de surtaxe, il n'y a pas de restriction envisagée. La chose sera déterminée au fur et à mesure que les cas se présenteront.

**Le vice-président:** Est-ce que cela vous rassure, monsieur Kirk?

**M. Kirk:** Je ne doute pas que les cas seront réglés au fur et à mesure qu'ils se présentent. Mais mon point de vue c'est celui-ci: Si des décrets du Conseil interviennent en périodes de crise des cours, ce décret du Conseil ne peut pas être modifié de jour en jour et d'heure en heure, et le taux de la surtaxe est défini dans le décret. Le taux de surtaxe doit être défini comme un rapport entre un niveau de prix à l'intérieur et le prix à l'importation.

**Le vice-président:** C'est un bon point.

**M. Gray:** En effet, le point est valable et les fonctionnaires ici présents l'ont certainement noté.

**Le vice-président:** Messieurs, je pense que nous en sommes venus au point où nous devons remercier les fonctionnaires de la Fédération canadienne des agriculteurs d'être venus aujourd'hui nous présenter leur mémoire. Merci d'être venus.

**M. Bentley:** Merci, monsieur le président.

**Le vice-président:** La séance est levée jusqu'à mardi.



## APPENDIX BB

BRITISH HIGH COMMISSION  
80 ELGIN STREET,  
OTTAWA 4,

26 November 1968.

Mr. Gaston Clermont, M.P.,  
Chairman,  
Standing Committee on Finance,  
Trade and Economic Affairs,  
House of Commons,  
Ottawa.

Dear Mr. Clermont,

It has been reported to me that at the hearing of the Standing Committee on Finance, Trade and Economic Affairs on 21 November, the Canadian Electrical Manufacturers' Association made a number of allegations about the pricing practices of British manufacturers of heavy electrical goods and about the policies of the British Central Electricity Generating Board in regard to foreign tenders. Let me say at once that I am not unsympathetic to the concerns of the Canadian industry, or about the difficulty of finding a solution which meets the interests both of the industry and of the economy as a whole.

However, as regards the allegations which have been made by the industry in the present context, I should be sorry, and it would be wrong, if your Committee were to gain the impression from what was said that it was a widespread practice of British electrical manufacturers to dump injuriously in Canada. There have been instances where British companies have been found to have sold electrical goods in Canada at a price which, on the basis of the computation of the Department of National Revenue, is found to be below their fair market value in the United Kingdom: and dumping duties have consequently been assessed against them. But some individual findings of dumping must not be taken to imply that Canada is a dumping ground for British manufacturers. In my experience British companies are extremely sensitive to the stigma of a charge of dumping and the existence (as in Canada for the past 60 years) of an automatic and sometimes indeed punitive anti-dumping regime has been, I believe, often sufficient to inhibit them from attempting to do business in that

## APPENDICE BB

HAUT-COMMISSARIAT DE LA  
GRANDE-BRETAGNE,  
80, rue Elgin,  
Ottawa 4.

Le 26 novembre 1968.

Monsieur Gaston Clermont, député,  
Président du Comité permanent des finances,  
du commerce et des questions économiques,  
Chambre des communes,  
Ottawa.

Monsieur,

On m'a souligné qu'à la séance du 21 novembre du Comité permanent des finances, du commerce et des questions économiques, la CEMA, l'Association des fabricants canadiens d'appareils électriques, a fait un certain nombre d'allégations au sujet de la façon dont les fabricants de Grande-Bretagne fixent les prix des gros appareils électriques et au sujet de la ligne de conduite adoptée par la *British Central Electricity Generating Board* face aux soumissions provenant de l'étranger. Qu'on me permette de dire tout d'abord que je comprends les revendications de l'industrie canadienne et les difficultés qu'il y a à trouver une solution qui réconciliera les intérêts de cette industrie et de l'économie dans son ensemble.

Toutefois, et je le regrette, les allégations de l'industrie peuvent mal s'interpréter; le Comité pourrait en venir à croire que l'ensemble des fabricants d'appareils électriques de Grande-Bretagne pratique le dumping à outrance au Canada. Certaines enquêtes ont démontré que des sociétés de Grande-Bretagne ont vendu au Canada des appareils électriques à un prix qui, sur la base des calculs du ministère du Revenu national, étaient inférieurs à la valeur marchande ou Royaume-Uni. Par conséquent, on leur a fait payer des droits de dumping. Mais que cela se soit produit dans certains cas ne veut pas dire que le Canada serve de territoire de dumping à l'ensemble des fabricants britanniques. Je le sais par expérience, les sociétés britanniques se sentent stigmatisées si elles sont trouvées coupables de dumping et l'existence (depuis 60 ans au Canada) d'un régime antidumping à application automatique et souvent punitif décourage les entreprises qui voudraient s'aventurer sur le marché canadien; non pas qu'elles pratiquent habituellement le dumping et aient peur de sanctions,

market at all—not because they make a habit of dumping, but because the uncertainties inherent in the process of assessment for liability create a risk for their reputation and operations even when there is no intention whatever to dump.

I would like to comment also on the references which were made before your Committee to the purchasing policy of the central Electricity Generating Board. As I understand the accusation it is that, in two particular fields, the Board have made pricing agreements with British manufacturers. In one of these fields—transformers—special circumstances apply. In the other—switchgear—the agreement is not exclusive to U.K. manufacturers and profits are not guaranteed. What concerns me particularly is that the impression may have been created in your Committee that the British Government and British public bodies operate a generally restrictive policy as regards overseas bids. I would like you to accept our assurance that British nationalised industries are required to operate on a commercial basis and no general preference for British manufactured equipment exists. On the other hand, as you are aware, the Federal Government of Canada and many Provincial Governments operate systems under which preference is given to Canadian products or the products of particular provinces of Canada.

I hope, Mr. Chairman, that this letter will help to put in perspective the allegations which were made about British practices before your Committee on 21 November; and I should be most grateful if you would bring this letter to the attention of the other members of your Committee.

Yours sincerely,  
(T. E. Rogers).  
Minister (Commercial).

mais les incertitudes inhérentes au processus de détermination leur fait craindre de perdre leur réputation en étant accusées de sous-évaluation alors qu'elles n'ont pas eu l'intention de faire véritablement du dumping.

Le Comité a d'autre part attaqué la politique d'achat de la *Central Electricity Generating Board*. Si je comprends bien l'accusation, en deux cas particuliers, cet organisme a conclu des ententes avec des entreprises de Grande-Bretagne. On peut, pour l'un de ces cas, où il y a eu vente de transformateurs, invoquer des circonstances spéciales. Dans l'autre cas, où des appareils de commutation sont en cause, il ne s'agit pas d'un contrat exclusif avec les fabricants du Royaume-Uni et les profits ne sont pas garantis. Ce que je ne voudrais pas, c'est que le Comité ait maintenant l'impression que le gouvernement britannique et les organismes publics de Grande-Bretagne pratiquent une politique généralement restrictive concernant les soumissions provenant d'outremer. Je vous prie de croire que les industries britanniques nationalisées doivent fonctionner sur une base commerciale et qu'il n'existe aucune préférence à l'égard des appareils fabriqués en Grande-Bretagne. Par contre, comme vous le savez, le gouvernement du Canada et plusieurs gouvernements provinciaux de ce pays accordent une préférence aux produits canadiens ou aux produits provenant de certaines provinces du Canada.

J'ose espérer, monsieur le Président, que ma lettre remettra les choses en place et vous donnera des éclaircissements sur les pratiques britanniques dont a parlé le Comité le 21 novembre. Auriez-vous l'obligeance de porter cette lettre à l'attention des membres du Comité.

Sincèrement,  
T. E. Rogers,  
Ministre (Commerce).



## APPENDIX CC

THE SOCIETY OF THE PLASTICS  
INDUSTRY OF CANADA

1262 Don Mills Road,  
Don Mills, Ontario.  
Telephone 449-3444

November 27th, 1968

Mr. Gaston Clermont, M.P.  
Chairman  
Committee on Finance, Trade and Economic  
Affairs

Dear Mr. Clermont:—

It was indicated after our appearance before your committee on Tuesday evening, November 26, that some of the testimony did not accurately reflect the effects of the Automotive Trade Agreement on our industry. As a result of this, we have done a very brief review of some of the obvious benefits.

In the Windsor area, four companies have been established since the inception of the Agreement and another is doing an increased amount of automotive work. They are Daal Specialties, Perfection Automotive and Olsonite in Windsor, Reflex Corporation in Amherstburg and North American Plastics in Wallaceburg.

In addition, General Motors in Oshawa have established a major facility and other new plants that come to mind are Ajax Precision in Toronto and Hall Lamp in Centralia, Ontario. There are others now being contemplated.

Many companies have added machinery to their existing facilities to handle increased automotive business, such as the Glenn S. Woolby Company in Ajax, Ontario, Automatic Plastics, Scarborough, Ontario Steel Products Co. in Gananoque, and others.

Indications are that over 80 additional machines have been purchased for this work, with a value exceeding seven millions dollars. Further to this, there are companies such as Canadian General Electric in Cobourg and Smith & Stone in Georgetown, Ontario, who do a significant amount of automotive moulding, extrusion, etc. Tooling requirements are virtually all filled in Canada and would be in the range of four million dollars yearly.

It is also true, as stated at the hearing, that there has been some loss of business and

## APPENDICE CC

LA SOCIÉTÉ INDUSTRIELLE DE  
PLASTIQUE DU CANADA

1262 Don Mills Road,  
Don Mills, Ontario  
Téléphone 449-3444

le 27 novembre 1968

Monsieur Gaston Clermont, député,  
Président,  
Comité des finances, du commerce et des  
questions économiques.

Monsieur,

Nous avons eu l'impression, lorsque nous avons participé au travail du Comité le mardi 26 novembre au soir, que certains des témoignages ne reflétaient pas bien les effets de l'entente automobile sur notre industrie. C'est pourquoi nous faisons ci-dessous un bref exposé des avantages les plus marqués.

Quatre sociétés se sont établies dans la région de Windsor depuis la mise en vigueur de l'entente et une autre société a accru ses recherches dans le domaine de l'automobile. Il s'agit de *Daal Specialties*, *Perfection Automotive* et *Olsonite*, à Windsor, de *Reflex Corporation* à Amherstburg et de *North American Plastics* à Wallaceburg.

D'autre part, la société *General Motors* a établi à Oshawa un nouvel établissement; les autres nouveaux établissements qui me viennent à l'esprit sont l'*Ajax Precision* à Toronto et la *Hall Lamp* à Centralia en Ontario. D'autres nouvelles installations sont aussi prévues pour bientôt.

Plusieurs compagnies ont installé de nouvelles machines dans des établissements existants pour faire face à la demande accrue; citons, par exemple, la *Glen S. Woolby Company* à Ajax en Ontario, l'*Automatic Plastics* de Scarborough, l'*Ontario Steel Products Co.* à Gananoque, et autres.

D'après nos renseignements, on aurait ainsi fait l'acquisition de 80 nouvelles machines d'une valeur de plus de 7 millions de dollars. De plus, des sociétés comme la *Canadian General Electric* à Cobourg et la *Smith and Stone* à Georgetown (Ontario) font beaucoup de travail de moulage, de retroussement, etc. sur des pièces et accessoires d'automobiles. Ces sociétés achètent presque tout leur matériel au Canada et la valeur de ces achats atteint environ 4 millions de dollars chaque année.

Il est également vrai, comme on l'a signalé au Comité, que certaines compagnies ont

some companies do experience difficulty in acquiring business through Detroit. It would appear that those companies who were previously supplying plastic components to the automotive industry, and those established, to some extent, by U.S. parent companies for this specific purpose, have been the principal beneficiaries.

We think the Agreement a good one with still greater potential.

We do appreciate the opportunity of clarifying the record. This is, of course, a hurried summary and we would be pleased to do a more comprehensive study should you so wish.

Very truly yours,  
Eric G. Salmond  
Manager—S.P.I.—Canada

perdu des clients et que d'autres ont des difficultés à obtenir des contrats par l'intermédiaire de Détroit. Il semble que les compagnies qui fournissaient déjà des pièces de plastique à l'industrie de l'automobile et celles surtout qui avaient été établies jusqu'à un certain point par les sociétés-mères américaines dans ce but, ont été les principales bénéficiaires.

Nous reconnaissons les avantages de l'entente, mais ces avantages n'ont pas été jusqu'ici exploités de façon exhaustive.

Nous vous remercions, monsieur, de nous permettre d'éclaircir la situation. Vous comprendrez que la présente n'est qu'un exposé succinct qu'il nous fera plaisir de compléter par une étude plus poussée si tel est votre désir.

Votre bien dévoué,  
Le gérant de la S.I.P du Canada,  
Eric G. Salmond



## APPENDIX DD

THE SOCIETY OF THE PLASTICS  
INDUSTRY OF CANADA

1262 Don Mills Road,  
Don Mills, Ontario.  
Telephone 449-3444

November 27th, 1968

Mr. Gaston Clermont, M.P.  
Chairman  
Committee on Finance, Trade & Economic  
Affairs

Dear Mr. Clermont:—

Reflecting on our appearance last night before the Standing Committee—it occurred to me that we did not get an answer to our question regarding the question of “seconds” which I raised in the introductory note.

I commented on the work that National Revenue had undertaken for our Cellular Plastics Division which is effectively regulating the importation of “seconds” in cellular foam under the present Act.

What happens after January 1st, when the new regulations come into effect? Will the new Act, particularly the regulations dealing with allowances in so far as “seconds” are concerned be administered the same as of today?

This is of very serious and vital concern to segments of our industry. We would like to hear how the new Act will deal with “seconds” and off grade material. Would you be good enough to have the question brought up at one of the meetings.

Yours sincerely,  
Eric G. Salmond  
Manager—S.P.I.—Canada

## APPENDICE DD

LA SOCIÉTÉ INDUSTRIELLE DE  
PLASTIQUE DU CANADA

1262 Don Mills Road, Don Mills, Ontario  
Telephone 449-3444

le 27 novembre 1968

Monsieur Gaston Clermont, député,  
Président,  
Comité des finances, du commerce et des  
questions économiques.

Monsieur,

Je me rends compte aujourd'hui que nous n'avons pas obtenu hier soir du Comité une réponse en ce qui concerne la question des produits de seconde qualité abordée dans mon exposé.

J'ai eu l'occasion de féliciter le ministère du Revenu national pour son excellent travail à l'égard de la division des plastiques cellulaires. Il a véritablement réussi à garder la situation bien en mains en ce qui concerne l'importation au Canada de produits de mousse cellulaire de seconde qualité.

Qu'arrivera-t-il après le 1<sup>er</sup> janvier lorsque les nouveaux règlements seront en vigueur? Est-ce que la nouvelle loi, particulièrement les règles concernant les produits de seconde qualité, sera appliquée de la même façon que la loi actuelle?

Pour nous, il s'agit là d'une question primordiale et vitale. Nous aimerions savoir comment la nouvelle loi s'appliquera aux produits de seconde qualité et de qualité inférieure. Nous vous saurions gré de traiter de cette question lors d'une de vos séances.

Sincèrement,  
Le gérant de la S.I.P. du Canada  
Eric G. Salmond

## APPENDIX EE

CANADIAN WESTINGHOUSE  
COMPANY LIMITED

P.O. Box 510, Hamilton, Ontario.  
W. J. Cheesman  
President

November 27, 1968

Mr. Gaston Clermont, M.P.  
House of Commons  
Ottawa, Ontario

*Canada's New Anti-Dumping Law*

Dear Mr. Clermont:

I would first like to thank you for your interest and patience last Thursday, November 21st, during the extended discussion on the CEMA submission to the Standing Committee on Finance, Trade and Economic Affairs. We much appreciate the obvious interest in sifting the facts that was displayed by you and other Committee members.

To my Company, and other members of CEMA, the problems of international trade are foremost in our day-to-day operations. The particular problems of competing as manufacturers in the North American cost environment with foreign competitors selling into Canada on large, custom-built equipments such as generators, power transformers and circuit breakers are unique, in that Canadian producers have only a very few chances each year to bid and obtain orders for a large enough proportion of this business to load their shops profitably one to three years hence.

The problem of determination of Fair Market Value for duty purposes, and Normal Value for dump duty under the new Act, where Power Utility sealed tender business is placed with foreign competition, is a difficult one for the Department of National Revenue.

Because of the secrecy inherent in the existing law and regulations, and because of the difficulty in obtaining from the utilities factual information on prices bid to them by importers, and because of difficulty in obtaining foreign home market prices, (where prices are not usually published) it has taken the industry a long time to obtain what information we now possess. Meanwhile, injury of two kinds has occurred. First, a substantial amount of business has been lost, never to be

## APPENDICE EE

CANADIAN WESTINGHOUSE COMPANY  
LIMITED

C.P. 510, Hamilton, Ontario.  
W. J. Cheesman  
Président

Le 27 novembre 1968.

Monsieur Clermont,  
M. le député Gaston Clermont,  
Chambre des communes,  
Ottawa, Ontario.

*Nouvelle loi canadienne sur l'antidumping*

Monsieur Clermont,

Permettez-moi d'abord de vous remercier de l'intérêt et la patience que vous avez manifestés jeudi dernier, le 21 novembre, au cours de l'examen du mémoire de la CEMA au Comité permanent des finances, du commerce et des questions économiques. Nous avons grandement apprécié votre volonté et celle du Comité d'approfondir la question.

A la *Canadian Westinghouse*, comme dans les autres compagnies membres de CEMA, les problèmes du commerce international sont toujours au premier plan de nos préoccupations quotidiennes. La situation concurrentielle des fabricants nord-américains, face aux concurrents étrangers vendant au Canada des appareils importants comme des générateurs, des transformateurs et des disjoncteurs, est assez spéciale: les fabricants canadiens n'ont que de rares occasions dans une année de présenter des soumissions visant l'obtention de contrats leur procurant du travail durant une période s'étendant de un à trois ans.

Il est très difficile au ministère du Revenu national de déterminer la juste valeur marchande à l'exportation, servant à fixer le droit, et la valeur normale, servant à fixer le droit de dumping, en vertu de la nouvelle Loi, dans ces cas où les services d'utilité publique lancent des appels d'offre sous enveloppe scellée aux concurrents étrangers.

A cause de la discrétion dont font preuve la loi et les règlements actuels, et à cause de la difficulté d'obtenir des services publics des renseignements sur les prix proposés par les importateurs, et à cause enfin des problèmes qu'on rencontre quand on veut obtenir les prix sur les marchés intérieurs étrangers (où les prix ne sont d'ordinaire pas publiés), il a fallu longtemps à l'industrie pour accumuler les données qu'elle possède aujourd'hui. Entre temps, il s'est produit deux sortes de préjudi-



replaced, and second, price levels on the remaining business held in Canada are unprofitable.

It has occurred to us that the proposed legislation might be amended to include a clause giving the Department of National Revenue the power, under Section 3, to obtain from the Canadian purchaser who contemplates placing an order with a foreign exporter or with a Canadian importer, the prices of all quotations on such a transaction, where the Minister is of the opinion that there is a threat of injurious dumping or has received a complaint indicating threat of injurious dumping.

Where we have observed published bids from several manufacturers in the same country, on the same job, very wide excursions in quoted prices have been recorded. Presumably the highest of these, on the same transaction, represents the F.M.V. price, whereas the very lowest is a dump price, in some cases. (Where it is not dump but threatens injury to Canadian production, application of the import surtax could be considered, under Section 37, of the proposed legislation.)

The effect of this amendment would be to provide the Minister with factual information at an early stage, allow immediate study of the relation of Export Price to Fair Market Value in the country or origin and thus provide for an early determination of Normal Value.

Another effect will be the accumulation of F.M.V. and Export Price information for use by the Department when goods actually enter the country. Where foreign exporters have used incremental pricing on goods into Canada for some time, if only the documents relating to a particular import entry are examined, grave errors can be made by accepting the declaration of F.M.V. shown by the exporter. It will be extremely difficult for the Department to determine Normal Value and Dumping in such cases under the proposed Act and Regulations, if the Department has no other information on which to base its review of the declared F.M.V.

I hope that the above suggestions will be of interest and will receive your consideration in the study of the draft Anti-Dump Legislation. You will recall that there was very little time to discuss our Canadian Westinghouse Co.

ces. D'abord, on a perdu un nombre considérable de clients qui ne reviendront jamais et ensuite les prix dans les contrats qu'on n'a pu garder au Canada ne permettent pas de faire des profits.

Ne serait-il pas possible de modifier le projet de loi de façon à y inclure un paragraphe permettant au ministère du Revenu national, en vertu de l'article 3, de demander à un acheteur canadien qui se propose de passer une demande à un exportateur étranger ou à un importateur canadien, les prix de tous les articles compris dans la transaction, dans les cas où le Ministre estime qu'il y a danger de préjudice par dumping ou dans les cas où il a reçu des plaintes indiquant la possibilité de préjudice par dumping.

Lorsque sont publiées les soumissions provenant d'un grand nombre de fabricants du même pays pour le même ouvrage, on pourra remarquer un très grand nombre de fluctuations dans les prix demandés. Et il semble bien que le prix le plus élevé constitue la juste valeur marchande et le prix le moins élevé est un prix de dumping dans certains cas. Même lorsqu'il ne s'agit pas de dumping, mais que le prix très bas menace de causer préjudice à la production canadienne, il faudrait envisager la possibilité d'appliquer la surtaxe à l'importation prévue à l'article 37 de la loi proposée.

Une telle modification aurait pour effet de permettre au Ministre de posséder des renseignements fondés dès les débuts et de permettre une étude immédiate du rapport entre le prix à l'exportation et la juste valeur marchande dans le pays d'origine, permettant ainsi de fixer rapidement la valeur ordinaire.

D'autre part, cela permettrait d'accumuler des données sur la valeur marchande et le prix à l'exportation, renseignements qui pourraient servir au Ministère lorsque les marchandises arrivent au Canada. Lorsque les exportateurs étrangers sous-évaluent d'une façon marquée depuis un certain temps les biens qu'ils exportent on peut commettre de graves erreurs en acceptant telle quelle la déclaration de la valeur marchande faite par l'exportateur sans la vérifier au regard de l'ensemble des importations. Il sera très difficile au Ministère de déterminer la valeur normale et la sous-évaluation dans de tels cas en vertu de la loi et des règlements proposés, s'il ne possède d'autres renseignements sur lesquels baser son enquête que la valeur marchande déclarée.

J'espère que vous prendrez en considération les suggestions ci-dessus et qu'elles vous seront utiles dans la rédaction du projet de loi sur l'antidumping. Vous vous rappellerez sans doute qu'il a fallu examiner rapidement

Ltd. submission, so we are taking this opportunity to amplifying some of our remarks made at the hearing. This Company is ready at any time to assist your Committee or others in Government where our day-to-day practical market knowledge can be helpful.

Yours very truly,

W. J. Cheesman.

le mémoire de la *Canadian Westinghouse*; aussi profitons-nous de l'occasion pour apporter certaines précisions. Veuillez croire, monsieur, que notre compagnie est prête en tout temps à venir en aide au Comité ou à tous autres fonctionnaires à qui pourrait être utile notre expérience dans ce domaine.

Votre bien dévoué,

W. J. Cheesman



## APPENDIX FF

A Submission By

THE ALGOMA STEEL CORPORATION,  
LIMITEDDOMINION FOUNDRIES AND STEEL,  
LIMITEDDOMINION STEEL AND COAL  
CORPORATION, LIMITED

and

THE STEEL COMPANY OF CANADA,  
LIMITED

to the

STANDING COMMITTEE ON FINANCE,  
TRADE AND ECONOMIC AFFAIRS

in connection with the

DRAFT CANADIAN ANTI-DUMPING  
ACT

The principal basic steel producers welcome the opportunity to comment on the Draft Canadian Anti-Dumping Act.

The firms submitting this brief employ over 35,000 people, have close to 90,000 shareholders, and annual sales of over \$1,000 million. Over the period 1960-1967, these companies invested over \$1,000 million in modernization and installation of new capital equipment.

The Canadian steel market is particularly vulnerable to imports by reason of its widespread geography, the size of its domestic production compared with near competitors, the world surplus of productive capacity and the marketing practices of state-controlled and government-dominated foreign steel producers. Indeed, there is a real incentive in several countries to maintain full employment by exporting steel at whatever price may be obtained above the labour and material costs of its production: they, in effect, export their unemployment. Therefore, steel is particularly vulnerable to dumping tactics by foreign competitors.

Hence, the Canadian steel industry has vital concern that the legislation will be effective in its application to trade in steel and in products consuming steel. The rapidity with which both determination of dumping and

## APPENDICE FF

Proposition de

THE ALGOMA STEEL CORPORATION,  
LIMITEDDOMINION FOUNDRIES AND STEEL,  
LIMITEDDOMINION STEEL AND COAL  
CORPORATION, LIMITED

et

THE STEEL COMPANY OF CANADA,  
LIMITED

Au

COMITÉ PERMANENT DES AFFAIRES  
ÉCONOMIQUES, FINANCIÈRES ET  
COMMERCIALES

Au Sujet du

PROJET DE LOI CANADIENNE  
ANTIDUMPING

Les principaux producteurs d'acier de base se réjouissent de l'occasion qu'ils ont de présenter leurs commentaires à propos du Projet de Loi Canadienne Antidumping.

Les firmes qui soumettent ce résumé emploient plus de 35,000 personnes, comptent près de 90,000 actionnaires, et ont un chiffre d'affaires supérieur à \$1,000 millions. Au cours de la période 1960-1967, ces compagnies ont investi plus de \$1,000 millions de dollars en modernisation et en installation de nouvel équipement.

Le marché canadien de l'acier est particulièrement vulnérable aux importations, en raison même de son étendue géographique, de la dimension de sa production intérieure comparée à celle de ses proches concurrents, du surplus mondial de capacité de production et des pratiques commerciales des producteurs d'acier étrangers, placés sous le contrôle de l'État et dominés par le Gouvernement. En fait, le véritable ressort de nombreux pays, pour maintenir le plein emploi, est d'exporter l'acier à n'importe quel prix possible au-dessus des prix de revient de main-d'œuvre et de matériaux de sa production. Ces pays, en réalité, exportent leur chômage. Par voie de conséquence, l'acier est particulièrement vulnérable aux tactiques de dumping de ces concurrents étrangers.

A l'heure actuelle, l'industrie canadienne de l'acier a un intérêt vital à ce que la législation soit effective dans ses applications au commerce de l'acier et des produits à base d'acier. La rapidité avec laquelle peuvent être

judgment of material injury can be resolved will significantly contribute to effectiveness.

#### *Practical Application of Proposed Legislation*

In order that the proposed legislation may be applied, an event must be the subject of investigation. The event may be *either* a contract or offer of sale at a price suspected to be dump and to be injurious to domestic industry when the goods enter the commerce of Canada, *or* the actual entry of goods into Canada at suspected dump prices and giving rise to suspected injury to domestic industry.

In either instance, the Deputy Minister of National Revenue appears to be the only person who can initiate an investigation, either on his own initiative or as a result of a written complaint by domestic producers. [Section 13]

It is unlikely the Deputy Minister will have knowledge of impending imports at dump prices which are likely to injure domestic producers unless there are complaints registered by domestic producers. Certain industries, because of bid disclosure practice, may have forewarning of impending dump. However, it is not common practice in the steel trade for importers to publicize their purchase prices, or for foreign exporters to publicize their export selling prices. Thus, it is unlikely that the domestic steel industry can register complaint or that the Deputy Minister can begin investigation until after products actually reach Canada.

The retroactive period for the application of dumping duties is at most 90 days prior to the date of the "preliminary determination" by the Deputy Minister. As far as steel is concerned, this is a serious weakness since the initial dump could escape dumping duty. It is the feeling of the steel industry that the Deputy Minister must be so staffed as to be able to make his preliminary determination within a 90-day period that would cover the initial dump.

To assist him in this connection, it is suggested that dumped material should be con-

résolu, à la fois la détermination de dumping et le jugement de préjudice notable, contribuera de manière significative à son efficacité.

#### *Application Pratique de la Législation Proposée*

Pour que la législation proposée puisse être appliquée, un événement doit intervenir et faire l'objet d'une enquête. L'événement peut être soit un contrat ou une offre de vente à un prix soupçonné d'être sous-évalué et d'être préjudiciable à l'industrie intérieure, lorsque les marchandises entreront sur le marché du Canada, ou l'entrée effective des marchandises au Canada à des prix suspectés d'être sous-évalués et, par là même, donnant naissance à un soupçon de préjudice envers l'industrie intérieure.

Dans l'un et l'autre cas, le Sous-Ministre du Revenu National semble être la seule personne qui puisse déclencher une enquête, soit de sa propre initiative, soit sur réception d'une plainte écrite, portée par les producteurs nationaux. (Section 13)

Il est peu probable que le Sous-Ministre ait connaissance d'importations imminentes, à des prix sous-évalués qui peuvent porter préjudice aux producteurs nationaux, à moins que des plaintes soient déposées par ces producteurs nationaux. Certaines industries, du fait de la publication des soumissions, peuvent avoir connaissance de dumping imminent. Dans l'industrie de l'acier, il n'est pas de pratique courante pour les importateurs de publier leurs prix d'achat, non plus que pour les exportateurs étrangers de publier leurs prix de vente à l'exportation, et la relation entre ces prix et les prix normaux ou la valeur sur le marché intérieur. Par conséquent, il est peu probable que l'industrie intérieure de l'acier puisse déposer une plainte, ou que le Sous-Ministre puisse commencer une enquête, avant que les produits pénètrent réellement au Canada.

La période rétroactive pour l'application des droits de dumping est au plus 90 jours avant la date de «détermination préliminaire» par le Sous-Ministre. En ce qui concerne l'acier, il s'agit là d'une faiblesse sérieuse, du fait que le dumping initial pourrait échapper au droit de dumping. L'industrie de l'acier estime que le Sous-Ministre doit disposer d'un personnel suffisant pour être en mesure de faire sa détermination préliminaire dans la période de 90 jours qui couvrirait le dumping initial.

Pour l'aider en ce sens, il est suggéré que tous les produits sous-évalués soient considé-



sidered as injurious and injury for his purpose should be considered as follows:

"Injury or threat of injury to the production of goods in Canada shall be deemed conclusively to have occurred if Canadian industry suffers any loss of business for a particular product as a result of a product entering into the commerce of Canada at a dumped price, provided the Canadian industry concerned could supply the product and meet the market requirements at that time."

The question of whether the dumping is creating "material injury" should be left for decision by the Tribunal. All references to "material injury" in connection with the function of the Deputy Minister should be eliminated from pertinent sections of the Act and Regulations. As a consequence, this element would not consume the time of the Deputy Minister during this 90-day period.

Even though the Deputy Minister and his staff are specialists in the determination of dump, the complex volume of detail inherent in review of import documents and the difficulties in obtaining full information on foreign home market values may result in conclusions of insufficient evidence of dump. This conclusion, taken unilaterally, and based on confidential data, should be subject to review by another body. It is suggested that the Tribunal could well serve this purpose and the resultant decision would then be more acceptable.

We submit that the legislation should provide for an avenue of appeal for domestic industry from initial opinions of "no dump" arising under Section 13 of the Act. This is particularly important since an opinion of "no dump" appears to preclude further investigation.

#### *Normal Value*

Determination of dumping and the amount of dumping largely depend on a proper appraisal of normal value.

In connection with Proposed Draft Regulation No. 1 (October 31, 1968), it is suggested that the period of sale should be a minimum of 30 days.

Regulation No. 4 refers to an allowance reflecting a difference in quality, structure, design or material between goods sold for home consumption and those exported to Canada. However, particularly in the case of

rés comme préjudiciables. Le préjudice, aux fins de cette loi, devrait être considéré comme suit:

«Le préjudice ou la menace de préjudice envers la production de marchandises au Canada sera considéré comme étant intervenu de façon probante, si l'industrie canadienne souffre une perte quelconque à propos d'un produit particulier, à la suite de l'entrée d'un produit sur le marché canadien à un prix sous-évalué, l'industrie canadienne en question peut fournir ce produit et répondre à la demande du marché à ce moment là.»

La question de savoir si le dumping crée «un préjudice notable» doit être laissée à la décision du Tribunal. Toutes les références au «préjudice notable» en ce qui concerne la fonction du Sous-Ministre, devraient être éliminées des alinéas de la loi et des règlements. Par voie de conséquence, cet élément n'occuperait plus le temps du Sous-Ministre au cours de cette période de 90 jours.

Bien que le Sous-Ministre et son personnel soient des spécialistes dans la détermination de dumping, le volume complexe de détails inhérents à la révision des documents d'importation, ainsi que les difficultés à obtenir les renseignements complets sur les valeurs des marchés intérieurs étrangers, peuvent résulter en des conclusions d'insuffisance de preuve de dumping. Cette conclusion, prise unilatéralement et basée sur des renseignements confidentiels, devrait être sujette à révision par une autre personne. Il est suggéré que le Tribunal serve à ce but et la décision qui en résulterait serait alors plus acceptable.

Nous proposons que la législation prévoit une procédure d'appel pour l'industrie intérieure en ce qui concerne les opinions initiales «d'absence de dumping», survenant d'après l'alinéa 13 opinion «d'absence de dumping» semble interdire toute enquête ultérieure.

#### *Valeur Normale*

La détermination de dumping et le montant du dumping dépendent, dans une large mesure, d'une évaluation convenable de la valeur normale.

En ce qui concerne le Projet Proposé de Règlement #1 (31 octobre 1968), il est suggéré que la période de vente soit au moins de 30 jours.

Le Règlement #4 fait référence à un rabais, qui reflète une différence en qualité, en structure, en conception, ou en matériaux, entre les marchandises vendues pour la consommation intérieure et celles exportées au Canada.

steel, misrepresentation or misunderstanding can very readily occur. An additional clause is therefore recommended: "In arriving at such an opinion, the Deputy Minister shall request assistance from knowledgeable Canadian producers".

It should also be noted that extended payment terms and special financing arrangements are prime means by which unfair competition occur in international trade. We would suggest that a new regulation be drafted reading as follows: "The normal value of any goods as otherwise determined, may be adjusted by an amount reflecting the difference in payment terms granted by the exporter between home market and export sales." This could be included in Regulation No. 6.

Regulation No. 7 permits deduction of an allowance for freight absorption where goods are sold at a common delivered price in the home market. This continues a practice currently used by the Department of National Revenue in determining normal value for determination of dump, and one that has had a particularly adverse effect on the Canadian steel industry. The GATT Anti-Dumping Code does not stipulate that normal value be adjusted as in Regulation No. 7 nor, to the best of our knowledge, is the proposal in Regulation No. 7 followed by other countries. In addition, it should be noted that freight absorption is not allowed as a deduction from fair market value for regular duty purposes under the Customs Act. Therefore, we submit that a deduction for freight absorption should not be allowed under our Regulations.

We note that Regulation No. 11, dealing with a "sufficient number of sales", refers only to Section 9(3) of the Act. This phrase is also found in Section 9(2). It is our belief that 9(1) should also specifically include this phrase and that the Regulation therefore should refer to 9(1), 9(2), and 9(3).

The definition of "sufficient number of sales" appears to be reasonable for most purposes, but doesn't cover a particular situation we face vis-à-vis the United States. We can visualize a situation where an American mill would sell surplus production to a buyer in the United States at a distress price, with the proviso that most of the materials be moved outside the United States market;

Néanmoins, et plus particulièrement dans le cas de l'acier, des déclarations erronées et des malentendus peuvent très vraisemblablement se produire. Une clause supplémentaire est, par conséquent, recommandée: «Pour se faire une telle opinion, le Sous-Ministre devra demander l'assistance des producteurs canadiens avertis.»

Il est également à remarquer que les conditions de paiements étendues sont l'une des raisons principales par lesquelles la concurrence déloyale se produit dans le commerce international. Nous aimerions suggérer qu'une nouvelle réglementation soit proposée comme suit: «La valeur normale de toute marchandise, telle quelle peut être déterminée autrement, peut être ajustée d'un montant reflétant la différence, dans les conditions de paiements accordées par l'exportateur, entre les ventes sur le marché intérieur et les ventes à l'exportation.» Ceci pourrait être inclus dans le Règlement #6.

Le Règlement #7 autorise la déduction d'une allocation pour couvrir les frais de transport, lorsque les marchandises sont vendues sur le marché intérieur à un prix commun comportant la livraison. Ceci continue une pratique couramment utilisée par le Ministère du Revenu National, pour déterminer la valeur normale qui sert de base à la détermination de dumping, et qui a eu un effet particulièrement néfaste sur l'industrie canadienne de l'acier. Le code Antidumping GATT ne stipule pas que la valeur normale soit ajustée comme dans le Règlement #7 et, à notre connaissance, la proposition du Règlement #7 n'est pas suivie par d'autres pays. Nous proposons qu'aucune déduction pour absorption de frais de transport ne soit autorisée, en vertu de nos règlements. Il est à remarquer que l'absorption des frais de transport n'est pas allouée comme une déduction de la valeur juste aux fins des droits normaux.

Nous prenons note que le Règlement #11, qui traite «d'un nombre suffisant de ventes», ne se rapporte qu'à l'Alinéa 9(3) de la Loi. Cette phrase se retrouve également à l'Alinéa 9(2). Nous estimons que l'Alinéa 9(1) devrait également inclure spécifiquement cette phrase et que le Règlement devrait faire référence aux Alinéas 9(1), 9(2) et 9(3).

La définition de l'expression «nombre suffisant de ventes» semble convenir dans la plupart des cas, mais ne couvre néanmoins pas une situation particulière à laquelle nous faisons face vis-à-vis des États-Unis. Nous pouvons très bien envisager une situation dans laquelle une aciérie américaine vendrait ses surplus de production à un acheteur aux États-Unis, à un prix de détresse avec une



Canada could be the main, if not the sole, recipient of such volume. We would like, therefore, to recommend that Regulation No. 11 be amended by adding the words "...after home consumption" "except where Canada is the main, or sole, recipient, at least an equivalent amount would have been sold in the home market during the prescribed period." This would mean that a greater quantity would have to be sold in the United States than Regulation No. 11 now calls for.

Section 9(3)(a) of the proposed Act permits usage of export sales, under certain circumstances, to other countries as a basis for determination of normal value. It is our contention that export prices for shipment to other countries may be at dump prices condoned by the importing countries by reason of "no injury" or even encouraged for balance of payment and other reasons. Therefore, the suggested method is not a proper basis for determination of normal value and should not be applied for steel products.

#### *Anti-Dumping Tribunal*

The radical change required in Canadian Anti-Dumping legislation, to conform with GATT, involves the question of injury to domestic producers. In our opinion, the measurement of injury will prove to be an extremely complex problem. The establishment of a Tribunal, charged with this serious task, appears an excellent proposal. The absence of a definition of injury indicates appreciation that it is a difficult concept: each case will require the judgment of the Tribunal, and should be judged on its own merits.

The composition of the Tribunal should be such as to make possible conclusions based on practical understanding of business conditions and competitive circumstances. Furthermore, it is suggested that the Tribunal be comprised of persons with knowledge and experience in those industries most susceptible to dumping.

#### *Technical Advisors*

The steel industry is prepared to make available persons with special or technical knowledge either on a full-time or part-time basis. [Section 26(4)]. In addition, the steel industry desires the opportunity to meet regularly with the Deputy Minister of Nation-

clause indiquant que la majorité des matériaux doit être sortie du marché des États-Unis; le Canada serait alors le destinataire principal, sinon le seul, d'un tel volume de surplus. Nous aimerions par conséquent recommander que le Règlement #11 soit amendé par l'adjonction des mots «... après consommation intérieure» «sauf lorsque le Canada est le principal, ou le seul, destinataire, un montant au moins équivalent aurait été vendu sur le marché intérieur au cours de la période prescrite.» Ceci signifierait qu'une quantité plus importante que celle que le règlement #11 stipule actuellement, devrait être vendue aux États-Unis.

L'Alinéa 9(3) (a) du projet de Loi autorise, dans certaines circonstances l'utilisation des ventes à l'exportation vers d'autres pays comme base de détermination de la valeur normale. Nous affirmons que les prix à l'exportation, pour expédition vers d'autres pays, peuvent être des prix sous-évalués, acceptés par les pays importateurs en raison de «l'absence de préjudice» ou même encouragés par la balance des paiements ou par d'autres raisons. Par conséquent, la méthode suggérée n'est pas une base convenable pour la détermination de la valeur normale et ne devrait pas être appliquée aux produits de l'acier.

#### *Tribunal Antidumping*

Le changement radical, requis par la législation canadienne Antidumping, pour se conformer au GATT, met en jeu la question de préjudice aux producteurs nationaux. A notre avis, la mesure du préjudice s'avérera être un problème extrêmement complexe. La mise en place d'un Tribunal, chargé de cette sérieuse fonction, semble être une excellente proposition. L'absence de définition de préjudice est une indication qu'il s'agit d'un concept difficile à apprécier: chaque cas nécessitera le jugement du Tribunal et devra être jugé en fonction de ces propres caractéristiques.

La composition du Tribunal devrait être telle qu'elle rende possible des conclusions basées sur la compréhension pratique des conditions de l'industrie et des circonstances de la concurrence. De plus, il est suggéré que le Tribunal soit composé de personnes ayant la connaissance et l'expérience des industries qui sont les plus susceptibles de dumping.

#### *Conseillers Techniques*

L'industrie de l'acier est prête à mettre à la disposition du Tribunal des personnes ayant des connaissances techniques ou spécialisées, soit à plein temps, soit à temps partiel. (Alinéa 26(4). De plus, l'industrie de l'acier souhaite avoir l'occasion de rencontrer réguliè-

al Revenue for a discussion of world business conditions and the likelihood of dump.

*Panel [Section 30]*

We see no need for a Panel when the proposed Act specifies that

(a) the Tribunal has access to whatever assistance, information and advice from other Government bodies that may be required to reach a decision [Section 26(2)], and

(b) the Tribunal is not to be bound by the advice of the Panel.

*Access to Re-Determination and Re-Appraisal [Sections 18 & 19]*

The importer appears to have a decided advantage on questions re-determination and re-appraisal. There are no provisions in Section 18 for public notice and, consequently, a domestic producer would be unaware of an importer's request for re-determination or re-appraisal, and would have no knowledge of any subsequent action taken by a Dominion Customs Appraiser or the Deputy Minister. In fact, it appears as though a domestic producer has an opportunity for rebuttal *only* if the importer appeals a decision of the Deputy Minister to the Tariff Board under the provisions of Section 19.

We feel that there could be many contentious issues where a Dominion Customs Appraiser or the Deputy Minister, in evaluating an importer's request and arriving at a decision, could be significantly assisted by domestic producers. We therefore suggest that all interested parties to the original complaint should be notified of an importer's request for re-determination or re-appraisal. In addition, we feel that a decision of a Dominion Customs Appraiser, which results in the refund of the whole or part of any duty should be made public.

*Reimbursement of Duties*

We are concerned that importers, or the owners of import goods, against whom dumping duties have been assessed, may be reimbursed by the exporter. Such situations are recognized in United States law.

We recommend that a new Section, similar to Section 53.52 in the United States Anti-

ment le Sous-Ministre du Revenu National pour discuter de la situation du commerce mondial et de la probabilité de dumping.

*Comité Consultatif [Section 30]*

Nous ne voyons aucun besoin d'un Comité Consultatif lorsque le projet de Loi stipule que:

(a) Le Tribunal peut obtenir l'aide, les renseignements ou les avis d'autres corps Gouvernementaux, qui pourraient être nécessaires pour prendre une décision (Alinéa 26(2), et

(b) Le Tribunal n'est lié par aucun avis donné par le Comité Consultatif.

*Connaissance d'une Demande de Nouvelle Détermination ou de Nouvelle Évaluation [Alinéas 18 et 19]*

L'importateur semble avoir un sérieux avantage sur les questions de nouvelle détermination ou de nouvelle évaluation. L'Alinéa 18 ne prévoit nulle part qu'une telle demande soit rendue publique et, par voie de conséquence, un producteur national ne pourrait pas être au courant de la demande, de la part d'un importateur d'une nouvelle détermination ou d'une nouvelle évaluation, et n'aurait aucune connaissance de toute action subséquente prise par un Appréciateur Fédéral des Douanes ou par le Sous-Ministre lui-même. En fait, il semble qu'un producteur national n'a la possibilité de réfutation que si l'importateur fait appel de la décision du Sous-Ministre devant la Commission du Tarif Douanier, selon les dispositions de l'Alinéa 19.

Nous estimons que de nombreuses conclusions contentieuses, lorsqu'un Appréciateur Fédéral des Douanes ou le Sous-Ministre, évalue la demande d'un importateur, pourront être grandement facilitées par les producteurs nationaux. Par conséquent, nous suggérons que toutes les parties intéressées à la plainte initiale soient informées de la demande de l'importateur pour une nouvelle détermination ou une nouvelle évaluation. De plus, nous pensons qu'une décision d'un Appréciateur Fédéral de Douanes, qui aboutit au remboursement total ou partiel d'un droit quelconque, devrait être rendue publique.

*Remboursement des Droits*

Nous sommes soucieux du fait que les importateurs ou les propriétaires de marchandises importées, contre lesquelles des droits de dumping ont été imposés, puissent être remboursés par l'exportateur. De telles situations sont reconnues dans la loi des États-Unis.

Nous recommandons qu'un nouvel Alinéa, semblable à l'Alinéa 53.52 des Règlements



Dumping Regulations (See Appendix I attached), be included in the proposed Act, possibly in Section 33.

We submit that the Act should require that any arrangements involving reimbursement of dumping duties to the importer by the exporter be declared by the importer. Any misrepresentation in this statement should incur penalties similar to those contemplated in Section 34(3).

#### *Drawback of Duties*

Dumping duties should be considered a penalty and, therefore, should not be subject to drawback when the goods are exported, no matter what their form.

#### *Review of Additional Regulations*

Proposed regulations for only Sections 9 and 10 of the proposed legislation have been made available. There are significant questions left for assessment when complete and definitive regulations become available. We strongly recommend that the Committee and Canadian producers be given an opportunity to review these regulations before the proposed legislation is submitted for approval by Parliament.

#### *Conclusion*

In conclusion, we urge the Government to provide a strong Customs Administration and Anti-Dumping Tribunal to enforce prompt and effective anti-dumping measures when dumping is causing injury to Canadian industry.

We appreciate the opportunity to express our views on the Draft Canadian Anti-Dumping Act and would be pleased to discuss these views with the Standing Committee.

November 15, 1968

#### ANNEX I

Section 53.52 "Reimbursement of dumping duties" of the United States Anti-Dumping Regulations (Federal Register, Volume 33, No. 107, Saturday, June 1, 1968)

(a) General - In calculating purchase price or exporter's sales price as the case may be, there shall be deducted the amount of any special dumping duties which are, or will be paid by the manufacturer, producer, seller, or exporter, or which are, or will be, refunded to the importer by the manufacturer, producer,

Antidumping des États-Unis (Voir Annexe 1 ci-jointe), soit inclus dans le projet de Loi, à l'Alinéa 33 par exemple.

Nous proposons que la loi exige que tout arrangement, mettant en jeu le remboursement des droits de dumping à l'importateur par l'exportateur, soit déclaré par l'importateur. Toute présentation erronée des faits, sur cette déclaration, devrait entraîner des pénalités semblables à celles qui sont prévues à l'Alinéa 34(3).

#### *Retrait des Droits*

Les droits de dumping devraient être considérés comme une pénalité et, par conséquent, ne devraient pas pouvoir être retirés lorsque les marchandises sont exportées, sous quelque forme que ce soit.

#### *Révision des Règlements Supplémentaires*

Seuls les règlements proposés aux Alinéas 9 et 10 du projet de loi ont été rendus disponibles. Il existe des questions importantes qui resteront à évaluer lorsque la réglementation complète et définitive sera disponible. Nous recommandons très fortement que le Comité et les producteurs canadiens reviennent ces règlements avant que la législation proposée soit soumise à l'approbation du Parlement.

#### *Conclusion*

En conclusion, nous prions instamment le Gouvernement de mettre en place une Administration des Douanes et un Tribunal Antidumping forts pour faire respecter promptement et efficacement les mesures antidumping lorsque le dumping cause des préjudices à l'industrie canadienne.

Nous sommes sensibles à l'occasion qui nous est offerte de présenter notre point de vue au sujet du Projet de Loi Canadienne Antidumping et nous serions heureux de discuter notre position avec le Comité Permanent.

15 novembre 1968

#### ANNEXE I

Alinéa 53. 52 «Remboursement des droits de dumping» des Règlements Antidumping des États-Unis (Régistre Fédéral Volume 33, No. 107, samedi 1 juin 1968)

(a) Généralités—Dans le calcul du prix d'achat ou du prix de vente de l'exportateur, selon le cas, il devra être déduit le montant de tous droits spéciaux de dumping qui sont, ou qui seront, payés par le fabricant, le producteur, le vendeur ou l'exportateur ou qui sont, ou qui seront, remboursés à l'importateur par le fabri-

seller, or exporter, either directly or indirectly, but a warranty of nonapplicability of dumping duties entered into before the initiation of the investigation, will not be regarded as affecting purchase price or exporter's sales price if it was granted to an importer with respect to merchandise which was:

- (1) Purchased, or agreed to be purchased, before publication of a Withholding of Appraisement Notice with respect to such merchandise; and
- (2) Exported before a determination of sales at less than fair value is made.

(b) Statement concerning reimbursement - Before proceeding with appraisement of any merchandise with respect to which dumping duties are found to be due to the district director of customs shall require the importer to file a written statement in the following form:

I hereby certify that I (have) (have not) entered into any agreement or understanding for the payment or for the refunding to me, by the manufacturer, producer, seller, or exporter of all or any part of the special dumping duties assessed upon the following importations of (commodity) from (country): (List entry numbers) which have been purchased on or after (date of publication of withholding in Federal Register) or purchased before (same date) but exported on or after (date of determination of sales at less than fair value).

A certificate will be required for all merchandise that is unappraised on the date that the finding of dumping is issued. Thereafter, a separate certificate will be required for each additional shipment.

cant, le producteur, le vendeur ou l'exportateur, soit directement ou indirectement, mais une garantie de nonapplicabilité des droits de dumping, présentée avant le début de l'enquête, ne sera pas considérée comme affectant le prix d'achat ou le prix de l'exportateur si elle a été accordée à un importateur à propos d'une marchandise qui était:

- (1) Acheté ou convenue d'être acheté avant la publication d'un Avis de Rétention d'Évaluation pour une telle marchandise; et
- (2) Exportée avant qu'une détermination de vente à un prix inférieur à la valeur juste soit faite.

(b) Déclaration concernant le remboursement—Avant de procéder à l'évaluation de toute marchandise, à propos de laquelle des droits de dumping sont dus, le directeur de district des douanes exigera de l'importateur une déclaration écrite comme suit:

Je certifie par la présente que (j'ai) (je n'ai pas) signé d'accord ou de convention pour le paiement ou pour recevoir le remboursement, par le fabricant, le producteur, le vendeur, ou l'exportateur de tout ou partie des droits spéciaux de dumping imposés sur les importations suivantes de (marchandises) de (pays): (Indiquer les numéros d'entrée) qui ont été achetées le ou après (date de publication de rétention dans le Régistre Fédéral) ou achetées avant (même date) mais exportées le ou après le (date de détermination de ventes à un prix inférieur à la valeur juste).

Un certificat sera requis pour toutes les marchandises qui ne sont pas évaluées à la date ou la détermination de dumping est faite. Par la suite, un certificat séparé sera requis pour chaque expédition supplémentaire.



## APPENDIX GG

THE ALGOMA STEEL CORPORATION  
LIMITED  
SAULT STE. MARIE, CANADA

D. S. Holbrook  
Chairman & President

November 1, 1968

The Honourable E. J. Benson,  
Minister of Finance,  
Parliament Buildings,  
Ottawa, Ontario.

Dear Mr. Minister,

We welcome the opportunity to express our views on the draft Anti-Dumping legislation which was introduced in the form of a Government White Paper in September of this year.

The Government is to be commended for providing interested parties with as much opportunity as possible to air their views on both the international Anti-Dumping Code and the draft legislation to implement the Code.

By way of general observation we feel that the Government has created in the new Act an opportunity for Canada to have a strong and effective anti-dumping law. But while the opportunity is there in the form of potentially effective wording, the real test of the new Act will be in how the framework of the Act is administered and enforced. It is our view that the most significant feature of the new Act is the establishment of wide discretionary powers for those charged with the administration and enforcement of the Act. While we support this approach in that it gives the Government great scope in dealing with dumping cases, we wish to point out that it places a heavy onus on the Government to ensure strong and able administration of the Act.

In addition to the general observations above, we offer for your consideration the following comments and suggestions:

#### 1. TIME LIMITS FOR INVESTIGATIONS AND FINDINGS

There are very few time limits for initiating investigations and making findings in the draft legislation and unless precautions are taken serious delays in prosecuting dumping cases could result. It will be essential to have sufficient staff in the Customs and Excise Division of the Department of National Revenue and in support of the Anti-Dumping

## APPENDICE GG

THE ALGOMA STEEL CORPORATION,  
LIMITED  
Sault-Ste-Marie, Canada

Le 1<sup>er</sup> novembre 1968

L'honorable E. J. Benson,  
Ministre des Finances,  
Édifice du Parlement,  
Ottawa (Ontario)

Monsieur,

Nous sommes heureux d'avoir l'occasion d'exprimer notre avis sur l'avant-projet de loi antidumping d'initiative ministérielle présenté sous forme de Livre blanc en septembre dernier.

Le gouvernement doit être loué d'avoir fourni aux intéressés ample occasion d'exprimer leurs points de vue tant sur le Code international antidumping que sur l'avant-projet de loi y donnant suite.

A titre d'observation générale, signalons que le gouvernement, grâce à la nouvelle loi, dotera le Canada d'une loi antidumping énergique. Le libellé de la nouvelle loi porte sûrement à le croire, mais tout dépend de la façon dont elle sera exécutée et appliquée. La nouvelle loi confère de vastes pouvoirs discrétionnaires à ceux qui seront chargés de son exécution et de son application, et c'est là, à notre avis, sa principale caractéristique. Nous n'y voyons pas d'objection puisque le gouvernement aura ainsi les coudées franches pour traiter des cas de dumping, mais nous tenons à signaler qu'il aura alors la grande responsabilité de veiller à ce que la loi soit appliquée avec énergie et compétence.

Outre les observations générales précitées, nous désirons formuler les commentaires et les propositions suivantes:

#### 1. DÉLAIS RELATIFS AUX ENQUÊTES ET AUX CONSTATATIONS

Le projet de loi renferme très peu de délais pour ce qui est d'entamer des enquêtes et de faire des constatations, et à moins que des mesures de précautions ne soient prises il pourrait s'ensuivre de sérieux retards dans les poursuites relatives aux cas de dumping. Il importera à cet égard que la Division des douanes et de l'accise du ministère du Revenu

Tribunal. It might be advisable to appoint a full time senior official in the Department of National Revenue to oversee all dumping investigations. As there is no time limit placed on the Deputy Minister of National Revenue in forming his opinion as to dumping and injury, notice should be given to all parties at the earliest possible time that the Deputy Minister of National Revenue is considering a particular case and attempting to form an opinion. This would place the parties on notice and give them an opportunity to determine the length of time required by the Deputy Minister of National Revenue to form his opinion.

## 2. DEFINITION OF MATERIAL INJURY

The draft Bill does not attempt to define the concept of material injury, nor does it offer guidelines to aid the Anti-Dumping Tribunal in their consideration of this matter. In order to help both the Deputy Minister of National Revenue and the Tribunal in arriving at an early determination of material injury the following test could be used:

Material injury or threat of material injury to the production of like goods in Canada would be deemed conclusively to have occurred if Canadian industry or any part thereof suffers any loss of business for a particular product as result of a product entering into the commerce of Canada at a dumped price, provided the Canadian industry concerned could supply the product.

## 3. POLITICAL CONSIDERATIONS

Given that the Anti-Dumping Act is designed to afford protection to Canadian producers against unfair trade practices of foreign producers, the new Act should be free from provisions which would enable political considerations to either delay or impede action where dumping and injury are evident. In this regard Section 30 of the draft Bill requiring advice from a panel of Deputy Ministers might well cause delays in the deliberations of the Anti-Dumping Tribunal and accordingly we would suggest that this Section be deleted. It would be desirable to have all dumping investigations conducted in an atmosphere which is free of political considerations.

national compte un personnel suffisant, de même que le Tribunal antidumping. Il y aurait peut-être lieu de désigner un haut fonctionnaire du ministère du Revenu national qui surveillerait, à plein temps toutes les enquêtes menées sur le dumping. Comme aucun délai n'est prévu en-dedans duquel le sous-ministre du Revenu national doit se former une opinion, à savoir s'il y a dumping ou préjudice, toutes les parties en cause devraient être avisées le plus tôt possible que le sous-ministre du Revenu national est en train d'étudier le cas et tâche de se former une opinion. Cette méthode constituerait un avis aux parties et leur permettrait de déterminer le temps qu'il faut au sous-ministre du Revenu national pour se former une opinion.

## 2. DÉFINITION DU PRÉJUDICE IMPORTANT

L'avant-projet de loi ne tente pas de définir le concept de préjudice important, ni de proposer des lignes de conduite qui aideraient le Tribunal antidumping à élucider cette question. Pour aider le sous-ministre du Revenu national et le Tribunal à en arriver rapidement à la détermination du préjudice important, on pourrait peut-être faire le test suivant:

Il sera conclu qu'il y a préjudice important ou menace de préjudice important à la production de produits similaires au Canada, si l'industrie canadienne, ou tout secteur de celle-ci, subit une perte dans la vente d'un produit par suite de l'arrivée d'un produit sous-évalué sur le marché canadien, à condition que l'industrie canadienne puisse fournir le produit en question.

## 3. CONSIDÉRATIONS POLITIQUES

Si l'on tient compte que la loi antidumping vise à protéger les producteurs canadiens contre les pratiques commerciales déloyales des producteurs étrangers, la nouvelle loi devrait se dégager des dispositions qui permettraient à des considérations politiques de retarder ou d'entraver la marche des procédures quand il est évident qu'il y a dumping. Dans cette optique, il se pourrait bien que l'article 30 de l'avant-projet de loi prévoyant qu'un comité de sous-ministres doive donner son avis retarde les délibérations du Tribunal antidumping et, par conséquent, nous vous suggérons de supprimer cet article. Il serait souhaitable que toutes les enquêtes sur le dumping soient menées dans une atmosphère libre de considérations politiques.



## 4. ANTI-DUMPING TRIBUNAL

The Tribunal is given wide powers under the draft legislation and great care should be taken in selecting the members of this Tribunal. It would be preferable to select individuals with sound industrial backgrounds with particular experience in industries which are most susceptible to dumping. It may be advisable to consult the Canadian Manufacturers' Association for their advice and comments prior to the appointment of members to the Tribunal.

## 5. COMPLAINTS OF DUMPING AND INJURY BY INDUSTRY

In order to aid Canadian industry in investigating potential dumping situations more information should be made available to industry. Such details as the date goods entered the country, the tonnages involved and the identity of the exporter and importer would be of great assistance to industry in attempting to investigate dumping cases. This information should be made available at the earliest possible time.

We are prepared to discuss our views or provide further information should you deem it advisable. In closing, may we again express our appreciation for the opportunity presented by the Government to present our views on this important legislation.

Yours sincerely,  
D. S. Holbrook

c.c.

The Honourable J. L. Pepin  
The Honourable J. Chretien

## 4. LE TRIBUNAL ANTIDUMPING

En vertu de l'avant-projet de loi, le Tribunal a beaucoup de pouvoirs, et on devrait apporter le plus grand soin possible au choix de ses membres. Il serait préférable de choisir des gens qui ont fait leur marque dans l'industrie et qui possèdent de l'expérience surtout dans les industries les plus vulnérables au dumping. On devrait demander à l'Association des manufacturiers canadiens de donner son avis et de faire ses commentaires avant la nomination des membres du Tribunal.

## 5. PLAINTES FAITES PAR L'INDUSTRIE AU SUJET DU DUMPING ET DU PRÉJUDICE

Pour aider l'industrie canadienne à déceler les cas de dumping, il faut lui fournir plus de renseignements. Des détails tels que la date d'entrée au pays des produits, leur tonnage et l'identité de l'exportateur et de l'importateur, aideraient beaucoup l'industrie à faire enquête sur les cas de dumping. Ces renseignements devraient lui être fournis le plus tôt possible.

Nous sommes disposés à discuter de nos vues ou à fournir des renseignements complémentaires si vous le jugez nécessaire. En terminant, permettez-moi de vous dire encore une fois que je suis heureux de l'occasion que m'a fournie le gouvernement d'exprimer mon avis sur cette loi si importante.

Veillez agréer, Messieurs, l'expression de mes sentiments distingués.

Sincèrement,  
Le président,  
D. S. Holbrook.

copies:

L'honorable J. L. Pepin  
L'honorable J. Chrétien

## APPENDIX HH

DOMINION FOUNDRIES AND STEEL,  
LIMITED  
HAMILTON, ONTARIO

October 31, 1968

Mr. Gaston Clermont, M. P.  
Chairman  
Standing Committee on Finance,  
Trade and Economic Affairs  
Ottawa, Ontario

Dear Mr. Clermont:

Although the steel industry intends to submit a brief on the new Anti-Dumping Legislation, we should like to express some initial comments of particular concern to Dofasco.

No doubt you are aware that the original Canadian Anti-Dumping Legislation was instituted in 1904 to overcome the seriously damaging effects of unfair competition in steel mill products in Canada. The same conditions prevail today. Steel is a "capital intensive" industry where it is very expensive not to run: fixed costs are high. We have a deep concern that there be effective protection against unfair competition not only for the steel mills but for the whole of Canadian manufacturing industry.

We have the impression that while the present Canadian legislation is adequate on paper, it has been difficult for the Customs and Excise Division to administer it effectively with regard to steel rolling mill products. The proposed Act will be subject to the same difficulties although the suggestion of consultation with knowledgeable industry people provides an opportunity for improving its effectiveness. Prompt and aggressive investigation and administration will be essential.

The legislation seems to be as acceptable as it could be under the terms of the Geneva agreements. Intelligent comments on the legislation require a study of the regulations. We are pleased to note that some will be available immediately. We trust that there will be an opportunity to study all of them.

There are three other points we should like to draw to your attention now so that they may be recognized throughout the time your Committee is studying the White Paper.

Firstly, the new requirement that proof of "material injury" or threat of it be determined infers an understanding of the concept

## APPENDICE HH

DOMINION FOUNDRIES AND STEEL,  
LIMITED  
Hamilton, Ontario

le 31 octobre 1968

Monsieur Gaston Clermont, député,  
Président du Comité permanent des  
finances, du commerce et des  
questions économiques,  
Ottawa (Ontario).

Monsieur,

L'industrie sidérurgique compte présenter un mémoire sur la nouvelle loi antidumping, mais nous aimerions vous formuler quelques énoncés préliminaires intéressant particulièrement la société Dofasco.

Vous savez sans doute que l'objet de la première législation antidumping sanctionnée au Canada en 1904 était de supprimer les effets de la concurrence injuste que subissait l'industrie sidérurgique canadienne. Cet état de choses existe encore aujourd'hui. Pour l'industrie sidérurgique, industrie «de capital», l'inactivité se révèle fort coûteuse, car les frais fixes sont très élevés. Nous souhaitons vivement que non seulement l'industrie sidérurgique, mais toutes les industries manufacturières du Canada, soient affranchies de la concurrence déloyale.

La législation actuelle semble théoriquement satisfaisante, mais la Division des douanes et de l'accise a éprouvé des difficultés à l'appliquer d'une manière efficace dans le cas des laminages d'acier. La loi projetée suscitera les mêmes difficultés, bien que la proposition relative à la consultation des experts de l'industrie permettra d'en accroître l'efficacité. Cependant, il sera essentiel d'appliquer la loi rigoureusement et de mener les enquêtes sans tarder et résolument.

Le projet de loi semble acceptable, compte tenu des accords de Genève. Pour formuler des observations opportunes sur la mesure proposée, il faudrait étudier ses règlements, dont certains, nous sommes heureux de le constater, seront disponibles incessamment. Nous espérons avoir l'occasion d'étudier tous les autres.

Il y a trois autres points que nous aimerions porter à votre attention dès maintenant, afin que votre Comité puisse en tenir compte au cours de son étude du Libre blanc.

En premier lieu, la nouvelle exigence suivant laquelle il faut fournir la preuve qu'il y a «préjudice important» ou menace le préju-



of "material". We find it most difficult to comprehend until some definite criteria are established. The effect of this change cannot be assessed.

Secondly, we note that members of the Tribunal will be required to devote all of their time to this work. This appears an excellent idea. We strongly recommend that people be selected who are as knowledgeable as possible of industries' problems.

The third, and perhaps the most important for Canada where so many of our manufacturing plants are subsidiaries of foreign companies, concerns the naming of the complainant. While generally this is sensible and would eliminate nuisance complaints, there is one particular area which could defeat the whole intention of Canadian commercial policy. Let me briefly outline what I mean:

A Canadian steel mill sells both to the "ABC Corporation" and its suppliers. The "ABC Corporation", which owns or controls a steel company in some other country, dumps steel into Canada not only to its Canadian subsidiary but also to its Canadian subsidiary's suppliers.

If the Canadian mill loses business and complains, its commercial relationship with the whole "ABC" organizational complex would be very much in jeopardy.

In cases such as this, is it possible that the name of the complainant remain unrevealed?

We look forward to participating in the discussion of the Canadian steel industry's joint brief. In the interim, if you would like to hear further from us or question points raised in this letter, both my associates and I will be available.

Yours sincerely,

F. H. Sherman  
President and Chief Executive  
Officer

Copy to:

The Hon. E. J. Benson  
The Hon. John C. Munro  
Mr. Lincoln M. Alexander  
Mr. Colin D. Gibson  
Mr. John B. Morison  
Mr. Gordon J. Sullivan

All Members—Standing Committee on  
Finance, Trade and Economic Affairs

dice important, donne à entendre que l'on sait ce qui constitue un «préjudice important». Comme il est extrêmement difficile de le savoir avant que des critères bien précis soient établis, nous ne pouvons pas évaluer la portée de ce changement.

En second lieu, nous remarquons que les membres du Tribunal devront exercer leurs fonctions à plein temps. Cette idée nous semble excellente. Nous recommandons fortement que les titulaires connaissent autant que possible les problèmes auxquels se heurtent les industries.

Le troisième point, peut-être le plus important pour le Canada où tant d'entreprises manufacturières sont des filiales de sociétés étrangères, a trait à la divulgation du nom du plaignant. Cette stipulation est dans l'ensemble pleine de bon sens et éliminerait les plaintes purement contrariantes, mais il est un secteur bien précis où elle irait complètement à l'encontre de l'esprit de la politique commerciale du Canada. Permettez-moi de vous exposer brièvement ce que j'entends:

Une usine sidérurgique canadienne vend en même temps à la «Société ABC» et à ses fournisseurs. La «Société ABC», qui possède ou dirige une usine sidérurgique dans un autre pays, vend de l'acier à vil prix au Canada, non seulement à sa filiale canadienne, mais aussi aux fournisseurs de cette dernière.

Si la société canadienne y perd des ventes et s'en plaint, ses rapports commerciaux avec toute l'organisation «ABC» seront gravement compromis.

En pareil cas, serait-il possible que le nom du plaignant ne soit pas révélé?

Il nous tarde de participer à la discussion du mémoire collectif de l'industrie sidérurgique du Canada. Entre temps, si vous désirez de plus amples renseignements ou si vous désirez discuter certains points soulevés dans la présente lettre, mes associés et moi-même sommes à votre entière disposition.

Veuillez agréer, Monsieur, l'expression de mes sentiments distingués.

Le président et premier  
directeur,  
F.H. Sherman.

Copies:

L'honorable E.J. Benson  
L'honorable John C. Munro  
Monsieur Lincoln M. Alexander  
Monsieur Colin D. Gibson  
Monsieur John B. Morison  
M. Gordon J. Sullivan

Tous les membres du Comité permanent  
des finances, du commerce et des ques-  
tions économiques.

## APPENDIX II

ATLAS STEELS COMPANY  
WELLAND, ONTARIO, CANADA

November 14, 1968

Mr. Gaston Clermont, M.P.,  
Chairman, Standing Committee on Finance,  
Trade & Economic Affairs,  
Ottawa, Canada

Dear Mr. Clermont:

We welcome the opportunity to express our opinion on the proposed anti-dumping legislation as it affects the specialty steel industry in which we are substantial participants and investors.

There are of course many areas worthy of comment including the paragraphs dealing with the definition of "injury" and with the determination of the mechanics of establishing home market prices. Our thoughts in these areas are incorporated in other brief submissions which we feel adequately cover our position.

We wish to take this opportunity to focus strongly on Section 10 of the Anti-Dumping Legislation which deals with the "sale price of goods".

We question whether the continual reference to "the sale price of goods" is adequate terminology to include the sale of processing or services beyond Canadian borders as a stage in the ultimate production of goods entering the commerce of Canada.

We feel strongly that the intent should include all such processing beyond Canada's borders and we would welcome confirmation.

The legislation does not appear to prevent dumping where Canadian material is exported for processing and returned to Canada with a charge for purchased service. This situation could be further aggravated where associated persons are involved and the sale to end users does not reflect an arms-length transaction. We fear there is no actual sale for the export processing in the sense of the proposed act, and under the above circumstances, it appears possible to circumvent the legislation and dump goods into Canada.

## APPENDICE II

ATLAS STEEL COMPANY  
WELLAND, ONTARIO, CANADA

Le 14 novembre 1968.

M. Gaston Clermont, Député,  
Président de la Commission Permanente des  
Finances,  
Affaires commerciales et économiques,  
Ottawa, Canada.

Monsieur,

Nous avons l'honneur de manifester notre opinion quant à la loi anti-dumping proposée, dans la mesure où elle affecte l'industrie spécialisée de l'acier, industrie à laquelle nous participons et dans laquelle nous avons des investissements importants.

Il y a sans aucun doute de nombreux domaines qui méritent des commentaires y compris les paragraphes traitant de la définition de «préjudice» et la détermination du mécanisme d'établissement des prix pour le marché domestique. Nos points de vue sur ces questions sont inclus dans d'autres exposés qui, à notre avis, expliquent d'une façon suffisante, notre position à ce sujet.

Nous voulons profiter de cette occasion pour nous concentrer principalement sur la section 10 de la loi anti-dumping qui traite du «prix de vente des denrées».

Nous nous demandons si la référence qui est faite au «prix de vente des denrées» constitue une terminologie exacte pour inclure la vente des traitements de transformation ou services au-delà des frontières canadiennes en tant qu'étape dans la production finale des marchandises entrant dans le commerce au Canada.

Nous sommes persuadés que cette partie de la loi devrait être interprétée de façon à englober tout le traitement de transformation effectué au-delà des frontières du Canada et nous aimerions en avoir la confirmation.

Cette loi ne semble pas empêcher le dumping dans le cas où les produits canadiens sont exportés pour être traités et retournés au Canada moyennant le paiement pour le service acheté. Cette situation risque d'être encore plus grave lorsque des personnes ayant des intérêts communs sont impliquées et que la vente aux utilisateurs finals ne se traduit pas par une transaction de bonne foi. Nous craignons qu'il n'y ait pas de vente réelle pour le traitement d'exportation dans le sens de la loi proposée, et vu les circonstances di-dessus, il semblerait possible d'éluder cette législation et d'effectuer le dumping des marchandises au Canada.



Similarly, we believe that articles can enter Canada for further processing of a minor nature by an associated person and the resultant article of commerce can be sold at prices below that existing in their home market for like goods. If the Canadian produced article is different from that imported, then dumping cannot exist even though the transaction is between associated persons and ultimate sales are injurious to integrated Canadian manufacturers.

There is a genuine need for effective legislation to supplant the present Customs Tariff, Clause 37, Section 6-6, as it relates to associated persons involved in a transaction that injures Canadian industry.

We feel that the need for adequate protection against circumvention of the anti-dumping laws in the above manner is extremely important to all capital intensive industries committed to Canadian investment.

We would be pleased to review any aspect of this submission with the Committee in the future.

Yours very truly,

Allan V. Orr  
Vice-President,  
Sales & Marketing

De la même façon, nous sommes certains que des articles peuvent pénétrer au Canada de façon à subir un traitement supplémentaire de nature mineure par une personne ayant les mêmes intérêts et que l'article en résultant peut être vendu à des prix situés en dessous de ceux établis sur leur marché domestique pour des marchandises du même genre. Si l'article produit au Canada est différent du produit importé, le dumping n'existe pas, bien que la transaction ait eu lieu entre des personnes ayant des intérêts communs et que les ventes soient, en fin de compte, préjudiciables aux fabricants canadiens.

Il est impératif qu'il y ait une loi efficace pour remplacer le règlement actuel du tarif douanier, clause 37, section 6-6, dans la mesure où il a trait à des personnes ayant des intérêts communs, impliquées dans une transaction qui porte préjudice à l'industrie canadienne.

Nous considérons que la nécessité d'une protection suffisante contre le contournement des lois anti-dumping de la manière décrite ci-dessus est extrêmement importante pour toutes les industries soutenues par les capitaux et engagées envers les investissements canadiens.

Nous serions très heureux d'étudier avec la commission tous les aspects de cette soumission.

Veuillez croire, Monsieur, à l'expression de nos sentiments distingués.

Allan V. Orr,  
Vice-Président,  
Ventes et mise en marché.

## APPENDIX JJ

Comments by

THE MACHINERY AND EQUIPMENT  
MANUFACTURERS' ASSOCIATION  
OF CANADA

Draft Canadian Anti-Dumping Act

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COMMENTS ON PROPOSED  
ANTI-DUMPING LEGISLATION1. INTRODUCTION—*Our Association*

The Machinery and Equipment Manufacturers' Association of Canada wishes to express its appreciation for the invitation to submit comments on the proposed Anti-Dumping legislation as it affects our industry. Our members include most of the companies in Canada whose principal business is the manufacture of industrial machinery, but exclusive of agricultural, automotive, aircraft and office machinery. Our sales exceed \$300,000,000 of which 5 per cent is for export markets. Our 16,000 employees include a high proportion of technically trained people, engineers, designers, draughtsmen, patternmakers, machinists and other skilled trades.

2. *The Market for our Machinery and Equipment*

Our members serve the broad industrial market of the primary and secondary industries: ore handling, pulp and paper, hydro-electric power, construction, the steel and

## APPENDICE JJ

Commentaires de

L'ASSOCIATION MACHINERY & EQUIP-  
MENT MANUFACTURERS  
OF CANADA

Projet de loi antidumping du Canada

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COMMENTAIRES CONCERNANT LE  
PROJET DE LOI ANTIDUMPING1. INTRODUCTION—*Notre Association*

L'Association Machinery & Equipment Manufacturers' of Canada tient à exprimer sa reconnaissance pour avoir été invitée à soumettre des commentaires sur les aspects du projet de loi antidumping qui concernent son secteur économique. L'Association compte parmi ses membres la plupart des entreprises canadiennes dont l'activité principale consiste à construire de l'équipement industriel autre que celui qui est destiné à l'agriculture, à l'industrie automobile, à l'industrie aéronautique et aux bureaux. Les membres réalisent un chiffre d'affaires dépassant 300 millions de dollars, dont 5 p. 100 sont acheminés vers l'étranger, et emploie 16,000 personnes qui comprennent un fort pourcentage de techniciens, d'ingénieurs, d'ingénieurs-projeteurs, de dessinateurs, d'ouvriers, d'ouvriers sur machine et autres travailleurs spécialisés.

2. *Le marché des équipements mécaniques*

Les membres de l'Association trouvent leur clientèle parmi des entreprises industrielles très diverses des secteurs primaire et secondaire: manutention des minerais, pâtes et



non-ferrous industries, manufacturing, transportation, public services and utilities.

Many of these markets attract the large machinery manufacturers of U.S.A., Great Britain, Europe and Japan because the scale of operation in our primary industries is large and installation of their equipment offers an important reference for foreign companies in their world-wide business which is not always open to Canadian suppliers. For this reason, on many of the large projects in Canada, our members face price competition which is not in direct relation to the value of the equipment and services.

Our industry has been established to serve the particular requirements of the Canadian market and it has followed a steady growth pattern. Considering that many of our members are branches of larger organizations with manufacturing facilities in most of the industrialized countries, our export of 5 per cent attests to the efficiency of our members in serving specific markets. Our domestic and export business can continue to grow and exports can become a larger proportion of our total output, providing we are able to maintain a strong position in the home market. This is only possible when trade regulations, such as the proposed Anti-Dumping legislation, are effective in controlling unreasonable competitive pressures in the Canadian market and when Canadian manufacturers have equal opportunity to sell in the markets of other industrialized countries that are often closed to us by quotas and other non-tariff barriers.

### 3. Market Characteristic

The machinery market does not have the same continuous flow characteristic of consumer goods products. Most machines destined for industrial application have a working life of from ten to forty years and repeat business is intermittent. Changing conditions and technology, combined with rising labour costs, require that new machines must incorporate the latest performance and capacity improvements—many become special to the particular application and fall into the custom-built category. With a long working life,

papiers, énergie hydroélectrique, construction, aciérie et travail des métaux non ferreux, entreprises de transformation, transport, entreprises de service public, travaux publics.

Ces secteurs d'activité intéressent les gros constructeurs d'équipement des États-Unis, de Grande-Bretagne, d'Europe et du Japon, car nos industries primaires sont d'envergure, si bien que, parmi leur clientèle internationale à laquelle les constructeurs canadiens n'ont pas toujours accès, les fournisseurs étrangers tiennent à pouvoir faire état des installations qu'ils font au Canada. Il s'en suit que, sur les grands chantiers du Canada, les membres de l'Association doivent souvent faire face à une concurrence qui n'est pas directement en rapport avec la valeur des équipements et des services concernés.

Notre secteur a pour objectif premier de fournir les besoins particuliers du marché canadien, et il se développe avec régularité. Si l'on considère que beaucoup de nos membres sont des succursales d'entreprises plus vastes disposant de moyens de production dans la plupart des pays industriels, le fait que nous exportons 5 p. 100 de notre production prouve que nos membres construisent du matériel qui répond très bien aux besoins de certains utilisateurs spéciaux. Nos activités sur le marché canadien comme à l'étranger peuvent continuer à se développer, et le pourcentage de nos exportations peut grandir par rapport à notre production totale, mais à condition que nous puissions conserver une position de force sur le marché intérieur. Pour qu'il en soit ainsi, il faut que les réglementations commerciales telles que celles que contient le projet de loi antidumping modèrent efficacement les pressions concurrentielles abusives au Canada, et que les constructeurs canadiens soient traités sur un pied d'égalité pour vendre leurs produits dans les autres pays industrialisés, qui leur sont souvent interdits par suite de contingentements et d'autres obstacles sans rapport avec le tarif.

### 3. Caractéristique du marché

Le marché des équipements n'a pas la caractéristique de régularité dont bénéficient les biens de consommations. Le plus souvent, les machines industrielles ont une durée utile qui varie entre 10 et 40 ans, si bien que les répétitions de commande sont intermittentes. L'évolution des besoins et des techniques vient s'ajouter à l'accroissement du coût de la main-d'œuvre pour obliger les constructeurs à incorporer à leurs nouvelles machines toutes les améliorations les plus récentes de rendement et de capacité, si bien que les machines

the loss of parts and service business for imported machines adds to the risk of making our market readily accessible to dumping by foreign suppliers and has a long term effect on the growth of job opportunities for skilled and technically trained people.

The machinery industry is very much aware of the advantages of long run production on a limited number of models, but we are aware also that many of our products are not made in longer runs by competing countries. Under the combined influences of technological and volume advantages of U.S.A. manufacturers and the lower labour cost advantages of British and European manufacturers, our members of necessity have concentrated on better market knowledge and more flexibility in organization to meet the variety of specifications and modifications required by conditions of climate, isolation and widespread population, and to do so at less cost and more convenience to the Canadian user. It is this strength that helps us meet competition from the larger foreign producers in the Canadian and export markets.

#### 4. Anti-Dumping Legislation

Our industry welcomes the proposed legislation on Anti-Dumping, particularly the features which:

- (i) allow it to come into action before importation takes place, and
- (ii) makes it applicable to those products for which a Canadian manufacturer supplies less than 10% of the market.

We also commend the Government's stated intention to make it fully effective to the extent that it applies.

It has been our experience that the existing Anti-Dumping legislation was very effective as a deterrent because penalties were automatic whenever dumping occurred. Its principal drawback was that importation had to take place before action could be initiated and on long term projects taking one to three

sont de plus en plus spécialisées et doivent souvent être construites individuellement. Étant donné la durabilité des machines industrielles, le risque de perdre l'occasion de fournir les pièces et l'entretien nécessaire pour les machines d'importation vient s'ajouter au danger d'ouvrir la porte à la concurrence abusive des fournisseurs étrangers; il en résulte des conséquences de longue durée pour le développement du marché du travail en ce qui concerne les ouvriers spécialisés et les techniciens.

Le secteur des équipements mécaniques est parfaitement conscient des avantages qu'il y a à fabriquer, pendant une période prolongée, un nombre limité de modèles, mais il sait aussi que, dans bien des cas, les concurrents étrangers ne construisent pas les mêmes modèles pendant des périodes très longues. Pressés par l'influence combinée des avantages techniques et du volume plus grand dont jouissent les constructeurs américains, et des avantages de coût de main-d'œuvre dont bénéficient les constructeurs britanniques et européens, nos membres ont dû concentrer leurs efforts sur une connaissance plus profonde du marché et sur une souplesse plus grande d'organisation pour doter leurs machines des caractéristiques et des modifications particulières imposées par les conditions climatiques, l'isolement et la dispersion de la population, et ce, à un prix moindre et dans des conditions plus commodes pour les utilisateurs canadiens. C'est grâce à cet avantage que nous pouvons faire face à la concurrence des constructeurs étrangers plus importants que nous au Canada et sur le marché international.

#### 4. Loi antidumping

Les fabricants d'équipement mécanique accueillent avec satisfaction le projet de loi antidumping, particulièrement en ce qui concerne les aspects suivants:

- (i) les dispositions qui permettent d'intervenir avant que l'importation n'ait lieu;
- (ii) les dispositions prévoyant que la loi s'applique aux biens dont un constructeur canadien fournit moins de 10 p. 100 de la demande.

Nous nous félicitons également de ce que le gouvernement ait déclaré son intention d'appliquer la loi le plus efficacement possible.

Nous savons par expérience que l'ancienne loi contre le dumping prévenait efficacement le dumping parce que les surtaxes étaient imposées automatiquement en cas de dumping. Le principal inconvénient de la loi était qu'il fallait attendre, pour agir, que l'importation ait eu lieu, si bien qu'en ce qui concer-



years for delivery, suspected dumping at the order negotiation stage could only be that, action had to await importation and in many instances supporting evidence did not come forward following the delay because of changes in markets, transfers of interested people, other business pressures, etc.

The new legislation provides for action on all of our products and at the earliest time so that it may be effective at the time orders are being negotiated. This is of distinct advantage to our industry—however, we do have some concerns and trust that the drafting of regulations may overcome these which are listed as follows:

(a) *Determination of When Goods are Dumped*

The text states (Section 8) that dumping occurs when the "normal value" exceeds the "export price" of the goods.

"Normal value" is defined (Sections 9 and 10 and supporting regulations) and is understood to include proper cost and profit assessments for like quantity production of comparable goods. Despite these clear terms, there may still be a considerable range for interpretation or error. It is our recommendation that the "normal value" for those products which are not marketed domestically in substantial volumes in the country of export, receive the most careful scrutiny and that the knowledge of the Canadian machinery manufacturing industry be used to assist in its interpretation or determination.

It is important also that there should be interest rates being offered by the exporting country to cover financing of the machinery or the project to which it is destined.

(b) *Determination of Material Injury or Threat of Injury*

It has been pointed out in (3) above, that the machinery industry does not involve a steady market. Since activity is related to capital spending on individual projects, many of which are infrequent, the loss

nait les transactions de longue durée, comportant des délais de livraison d'un à trois ans, il fallait attendre l'arrivée des produits, même si l'on soupçonnait la possibilité de dumping au moment de la passation de commande; dans bien des cas, il était impossible de trouver les preuves nécessaires parce que, dans l'intervalle, la conjoncture commerciale avait changé, les personnes concernées n'étaient plus là, d'autres pressions commerciales s'étaient exercées, etc.

La nouvelle loi permettra d'agir dans les plus brefs délais pour tous les produits qui nous concernent, si bien qu'elle pourra être appliquée au moment où les commandes seront négociées.

Cette innovation présente un avantage certain pour notre secteur; néanmoins, certains détails nous inquiètent et nous espérons que les règlements ultérieurs remédieront à cette situation. Ces détails sont les suivants:

a) *Définition des cas de dumping*

Le projet de loi précise (article 8) qu'il y a dumping quand la «valeur normale» des marchandises est supérieure au «prix d'exportation».

La «valeur normale» est définie (aux articles 9 et 10 et dans les règlements accessoires); il est entendu qu'elle comprend le prix de revient approprié plus le bénéfice estimatif sur des marchandises comparables produites en quantité équivalente. Malgré sa clarté, cette définition permet des variations considérables dans les interprétations ou les marges d'erreurs. Nous recommandons par conséquent que la «valeur normale» des produits qui ne sont pas vendus en quantité importante dans le pays d'origine et d'exportation soit soumise à un examen extrêmement poussé, et que les experts du secteur canadien de l'équipement mécanique soient appelés à aider ceux qui sont chargés d'interpréter ou de déterminer la valeur normale de ces produits.

Il serait important aussi que l'on tienne compte, pour déterminer cette valeur, de toute réduction d'intérêt offerte par le pays exportateur pour le financement des machines concernées ou des travaux auxquels elles sont destinées.

b) *Définition du préjudice important et de la menace de préjudice*

Comme on l'a vu à l'article 3 ci-dessus, le marché de l'équipement mécanique industriel n'est pas régulier. Étant donné que ses activités se rattachent aux investissements en travaux non renouvelables

of a major order or orders to foreign suppliers can mean reduced employment in a Canadian company or group of companies, and delay in normal expansion until another project is undertaken that involves a similar amount of work.

It can also mean that a foreign supplier has the opportunity to supply the latest type of equipment and perhaps has a better reference for future Canadian and world-wide projects, and this is serious threat to the ability of Canadian companies to grow and prosper.

The Machinery and Equipment Manufacturing industry depends heavily on the capital goods market, and we suggest that the dumping of any machinery that is made in this country creates injury or threat of injury because it reduces the size of the market available to Canadian manufacturers by:

- (i) the value of the first machine that is dumped,
- (ii) the value of any repeat orders that may be needed to expand capacity with the same equipment and,
- (iii) the value of the replacement parts and service business over the life of the machinery.

(c) *What is Negligible Margin of Dumping or Volume? (Section 13 (6) a (iii))*

The question of what determines a negligible margin of dumping or volume should receive special attention for each type of machinery. For most types of machinery or equipment, and especially those that may be ordered only every one to five years, it is our contention that any margin of dumping represents injury or threat of injury and should receive serious consideration.

(d) *Prevention of Repeated Dumping*

Under the former regulations, dumping penalties were automatic once an offence occurred. The new regulations where injury or threat of injury must be esta-

(dont certains ne se présentent pas fréquemment), si les constructeurs canadiens perdent des commandes importantes au profit des fournisseurs étrangers, il peut en résulter une réduction de l'emploi dans une entreprise ou dans un groupe de sociétés canadiennes, et le développement normal du secteur peut être retardé jusqu'à ce que soient entrepris d'autres travaux exigeant une somme de travail analogue.

Il pourrait en outre se produire que le constructeur étranger fournissant la commande ait ainsi l'occasion de réaliser des machines du modèle le plus récent, ce qui pourrait lui donner un avantage quand la réalisation d'autres travaux au Canada ou dans d'autres pays nécessitera des machines analogues, et ce fait menace sérieusement l'aptitude des entreprises canadiennes à grandir et à prospérer.

Les fabricants d'équipement mécanique dépendent dans une très grande mesure du marché des investissements; aussi considèrent-ils que quand une machine étrangère identique à une machine fabriquée sur place pénètre au Canada à un prix inférieur à la valeur normale, il en résulte un préjudice ou une menace de préjudice, parce que le marché offert aux constructeurs canadiens se trouve réduit des valeurs suivantes:

- (i) la valeur de la première machine importée à un prix de dumping;
- (ii) la valeur de tout renouvellement de commande résultant de la nécessité d'accroître la capacité de production;
- (iii) la valeur des pièces de remplacement et des activités d'entretien pendant toute la durée utile de la machine.

(c) *Définition de la marge négligeable de dumping ou du volume (Alinéa 13(6) a (III))*

En ce qui concerne la détermination de la marge négligeable de dumping ou du volume, il faudrait accorder à chaque catégorie de machine une attention spéciale. Pour la plupart des catégories de machines ou d'équipements, et particulièrement, ceux qui ne sont normalement commandés que tous les ans ou tous les cinq ans, nous considérons que le dumping, quelle qu'en soit la marge, entraîne un préjudice ou une menace de préjudice, et que la question mérite donc d'être considérée sérieusement.

(d) *Prévention des récidives*

Les anciens règlements prévoyaient que lorsqu'une infraction à la loi avait été reconnue, toute récidive entraînait automatiquement l'imposition des sanctions.



blished, provide some incentive to dump because the degree of injury is open to question. An exporter hoping to pre-empt the market, may risk dumping goods periodically knowing that the penalty will not exceed the margin of dumping. Some extra protection is desirable to control this type of activity.

(e) *Tribunal Representation*

Our Association considers that the composition of the Tribunal will play a very important part in protecting the industry from serious dumping incidents. We recommend.

(i) that at least one of the members should preferably have had broad experience or association with machinery manufacturing, and

(ii) that the Tribunal be aggressive in seeking information and support from our industry so that decisions can be based on current knowledge of business conditions.

(f) *Exemptions from the Act*

Section 7 of the proposed Act provides that the Governor-in-Council may exempt any goods or classes of goods from the application of the Act. Might this apply, for example, where a foreign company enters into an agreement with Canada or one of the Provinces, to undertake a large project under conditions or concessions which would permit the entry of the foreign country's machinery and equipment at the equivalent of dumped prices? Since this is an example of the type of situation which is particularly injurious to Canadian machinery manufacturers, we suggest that the intent of this Section could be clarified.

(g) *Countervailing Duties*

It is recognized that the legislation which is now under study is intended to deal only with dumping in its most literal sense. However, it is clear from Section 3, Article VI of the General Agreements on Tariffs and Trade, that dumping is closely allied with "bounties or subsidies which are granted, directly or indirectly, on the manufacture, production or export

Les nouvelles dispositions imposent la nécessité de faire la preuve du préjudice ou de la menace de préjudice, ce qui pourrait encourager le dumping étant donné que l'importance du préjudice est discutable. Tout exportateur désireux de s'emparer d'un marché pourrait prendre le risque de vendre de temps à autre des marchandises à un prix inférieur à leur valeur normale, sachant que la sanction n'excèdera pas la marge de dumping. Il serait souhaitable de prévoir une protection supplémentaire quelconque pour éviter ce genre d'activité.

e) *Composition du tribunal*

Notre Association considère que la composition du tribunal influera considérablement sur la protection dont notre secteur bénéficiera à l'égard des cas de dumping graves. Nous recommandons:

(i) que l'un au moins des membres du tribunal possède, de préférence, une connaissance approfondie de la construction d'équipement mécanique, ou qu'il ait un lien avec ce secteur;

(ii) que le tribunal se montre vigoureux dans ses efforts pour recueillir des renseignements et s'attirer le soutien de notre secteur, afin que ses décisions reposent sur des données courantes.

f) *Exemptions*

L'article 7 du projet de loi prévoit que le Gouverneur-en-conseil peut exempter toute marchandise ou classe de marchandise de l'application de la loi. Cette disposition s'applique-t-elle, par exemple, au cas d'une société étrangère qui s'entendrait avec le gouvernement du Canada ou celui de l'une des provinces pour entreprendre des travaux d'envergure, de telle façon qu'il pourrait en résulter l'entrée de machines et d'équipements du pays étranger dans des conditions équivalant à des prix inférieurs à la valeur normale? Étant donné que des situations de ce genre sont particulièrement préjudiciables aux constructeurs canadiens d'équipement mécanique, nous demandons que le but de cet article soit clarifié.

g) *Droits compensateurs*

Il est bien entendu que la loi actuellement à l'étude concerne exclusivement le dumping dans son sens le plus littéral. Pourtant il ressort clairement de la partie 3, article VI des General Agreements on Tariffs and Trade que le dumping est étroitement relié aux «octrois ou subventions accordées, directement ou indirectement, pour la fabrication, la production

of a product in the country of origin—.” In this case, as Article VI states, “countervailing duty” is levied for the purpose of offsetting the bounty or subsidy so bestowed.

Such bounties or subsidies have been the source of considerable injury to the Canadian machinery manufacturing industry. A common form occurs in foreign financing of capital projects in Canada, where the foreign country concerned offers lower cost financing of the project than Canadian competitors can arrange in the domestic money markets. This has proven to be an effective means of preventing Canadian manufacturers from competing with a foreign product in their own market. Since this usually applies to large-scale projects, the Canadian manufacturer suffers losses in addition to that of the basic order itself; these include loss of the parts and services required in succeeding years, and loss of the opportunity to install and demonstrate his latest machinery before offering it to the export markets.

While this is not dumping in the literal sense, it serves the same purpose, i.e. to introduce a product into another country under a bounty or subsidy which renders the domestic product of that country non-competitive.

It is suggested that it would be appropriate to expand the Act to include detailed consideration of countervailing duty and its application, or failing that, additional legislation should be considered in the early future to give suitable coverage to this subject.

## 5. CONCLUSION

These comments reflect the concern of our association with respect to any interpretation of the Proposed Anti-Dumping legislation that will make our market more susceptible to dumping.

We would point out that these comments apply also to our many suppliers and to many small machinery manufacturers that are not members of our association and that they will share equally in any benefit or injury which follows from application of the new legislation.

ou l'exportation d'un produit dans le pays d'origine... Dans ce cas, comme le précise l'article VI, des droits compensateurs sont imposés pour contrebalancer l'octroi ou le subside ainsi attribué.

Les octrois ou subventions de ce type ont causé des torts considérables aux fabricants d'équipements mécaniques du Canada. Ils se présentent fréquemment sous la forme du financement, par les étrangers, de travaux d'investissement effectués au Canada, quand le pays étranger concerné offre de financer les travaux à meilleur marché que les concurrents canadiens ne peuvent le faire sur leur propre marché monétaire. L'expérience a montré que cette façon de procéder offrait un moyen efficace d'empêcher les constructeurs canadiens de concurrencer les produits étrangers en leur propre pays. Et comme, en pareil cas, il s'agit en général de travaux de grande envergure, les pertes que subissent les constructeurs canadiens ne se limitent pas à la commande de base; elles comprennent également les pièces et l'entretien nécessaires dans les années suivantes, ainsi que l'impossibilité d'installer et de faire connaître ses propres machines avant de commencer à les exporter.

Bien qu'il ne s'agisse pas là de dumping au sens littéral, le résultat est le même, puisque le produit qui pénètre dans un autre pays en bénéficiant d'un octroi ou d'une subvention empêche le produit analogue fabriqué sur place d'être concurrentiel.

Nous suggérons qu'il conviendrait d'étendre la loi de façon à ce qu'elle tienne compte de façon détaillée des droits compensateurs et de leurs applications ou, tout au moins, qu'une autre loi soit proposée dans un proche avenir à ce propos.

## 5. CONCLUSION

Les commentaires qui précèdent montrent l'intérêt que notre Association porte à l'interprétation des dispositions du projet de loi antidumping qui pourrait rendre son marché plus sensible au dumping.

Nous nous permettrons d'observer que ces commentaires concernent également nos nombreux fournisseurs ainsi que les nombreux petits fabricants d'équipements mécaniques qui n'appartiennent pas à notre association, mais qui bénéficieront ou souffriront autant que nous des conséquences de la nouvelle loi.



We believe that with proper regulations and strict enforcement, this legislation can improve the growth in volume and job opportunities in our industry.

Respectfully submitted,

MACHINERY AND EQUIPMENT  
MANUFACTURERS' ASSOCIATION  
OF CANADA

12 November, 1968.

Nous sommes convaincus que si elle est complétée par des règlements appropriés, et vigoureusement appliquée, la loi pourra contribuer à la croissance du chiffre d'affaires et des possibilités d'emploi dans notre secteur.

Respectueusement soumis,

MACHINERY AND EQUIPMENT  
MANUFACTURERS' ASSOCIATION  
OF CANADA

Le 12 novembre 1968

## APPENDIX KK

## SUBMISSION OF

JAMES HOWDEN AND PARSONS  
OF CANADA LIMITED

## Introduction

James Howden and Parsons of Canada Limited welcomes the opportunity of presenting its views to the Standing Committee on Finance, Trade and Economic Affairs on the draft Canadian Anti-Dumping Act.

In doing so we would like to point out that this company has developed a heavy turbine engineering capability in Canada since 1963.

The company is currently concluding a further extension of its facilities to manufacture the largest type of thermal and nuclear steam turbines for the Canadian domestic market and for export. The company will be especially vulnerable at this time to dumping of steam turbo generators from abroad.

At the time when this company was considering providing a large plant and capability in Canada, discussions were held with the previous Federal administration, requesting that important legislation and regulations should be used or amended to assist the development of this important sector of the electrical manufacturing industry. These discussions culminated in the preparation of a Cabinet memorandum dated July 1964, which we are extremely pleased to announce has resulted in many changes and the adoption of attitudes by Government towards our industry. For our part, we have attempted to live up to the expectations which Government required of us.

We feel that we have been operating under a benign Federal Government interested in industrial development and expansion, particularly in the heavy electrical industry. Recent events, however, have caused us some concern. These are:

(a) The penetration of the Canadian market during the last three years by European and Japanese imports of steam turbo generators at what appear to be marginal prices.

(b) Our first review of the White Paper on Anti-Dumping issued by the Honorable E. J. Benson, Minister of Finance, in September 1968.

## APPENDICE KK

## SOUMISSION DE

JAMES HOWDEN ET PARSONS  
DU CANADA LIMITÉE

## Introduction

James Howden et Parsons du Canada Limitée se réjouit de l'opportunité qui lui est offerte de présenter son opinion à la commission établie pour les questions de finance, d'échanges commerciaux et d'économie en rapport au projet de loi canadien sur l'antidumping.

Par la même occasion, je voudrais faire remarquer que cette compagnie a développé une capacité technique au Canada depuis 1963 pour la turbine lourde.

La compagnie est présentement à achever un agrandissement de ses installations pour la fabrication du plus grand type de turbines thermales et nucléaire à vapeur pour le marché intérieur canadien et pour l'exportation. La compagnie sera particulièrement vulnérable à ce moment au dumping des turbo-génératrices à vapeur de l'étranger.

Au moment où cette compagnie considérait pourvoir une grande usine et une capacité au Canada, des discussions avaient lieu avec l'administration fédérale précédente, demandant qu'une importante législature et réglementation devraient être utilisées ou amendées pour venir en aide au développement de cet important secteur de l'industrie manufacturière d'équipement électrique. Ces discussions ont abouti à la préparation d'un memorandum du Cabinet daté du mois de juillet 1964, lequel, nous sommes heureux d'annoncer, a amené plusieurs changements et l'adoption de dispositions par le gouvernement envers notre industrie. De notre part, nous avons tenté de vivre selon les espérances que le gouvernement exigeait de nous.

Nous croyons que nous avons opéré sous un gouvernement fédéral favorable intéressé au développement industriel et à l'expansion particulièrement dans une industrie électrique lourde. De récents événements, cependant, nous ont causé des soucis. Ceux-ci sont:—

(a) La pénétration du marché canadien pendant les trois dernières années par les importations européennes et japonaises de turbo-génératrices à vapeur à ce qui paraît être des prix marginaux.

(b) Notre première révision du Livre blanc sur l'antidumping émis par l'honorable E. J. Benson, ministre des finances, en septembre 1968.



Whilst the full impact of the regulations affecting the administration of the proposed anti-dumping legislation are not all in our hands for review, it is clear that the interpretation of these regulations by the Deputy Minister could have a profound effect upon the attitude adopted by importers of this class of equipment into Canada. For this reason, we are hopeful that the Government will make it clear to foreign importers that the Canadian heavy electrical market place will not be a bonanza market for one-shot dumping practices.

#### Historical Background (Formation of Company)

The parent companies of James Howden and Parsons of Canada Limited have been connected with the Canadian economy for thirty years.

James Howden and Company Limited of Glasgow, Scotland, had previously exported its products to Canada and sold them through Canadian agents. On April 3, 1956, a subsidiary operation—James Howden and Company of Canada, Limited—was incorporated by Dominion Charter for the purpose of manufacturing in Canada this equipment which had previously been imported from the plant in the United Kingdom. A manufacturing facility was subsequently established in Scarborough, Ontario, in 1958 and sales of Canadian made Howden products began steadily to increase.

Since 1944 C. A. Parsons and Company Limited of Newcastle, England, had been selling in Canada through a wholly owned subsidiary—C. A. Parsons of Canada Limited. In the early 1960's, C. A. Parsons and Company Limited decided to establish a manufacturing operation in Canada. After reviewing several manufacturing plants in Ontario and Quebec, it was apparent that the Parsons' products would fit best with the existing manufacturing facilities and market connections of the Howden organization in Ontario.

As a result, an agreement was reached, Supplementary Letters Patent were issued, and on May 16 1963 the name of Howden's Canadian subsidiary was changed to James Howden & Parsons of Canada Limited.

The combining of the two companies increased the total value of assets employed to \$16 million, with ownership being 51 per cent Howden—49 per cent C. A. Parsons.

The then existing Parsons of Canada sales and service organization was merged with the existing Howden organization and the new company began joint operations at the end of 1963.

Pendant que la pleine force des règlements touchant l'administration de la législation proposée sur l'antidumping ne sont pas entre nos mains pour revision, il est clair que l'interprétation de ces règlements par le sous-ministre peut avoir un effet profond sur l'attitude adoptée par les importateurs de cette classe d'équipement au Canada. Pour cette raison nous espérons que le gouvernement fera comprendre clairement aux importateurs étrangers que le marché canadien d'équipement électrique lourd ne sera pas un marché bonanza pour les machinations de dumping d'un trait.

#### L'historique formation de la compagnie

Les compagnies mères de James Howden & Parsons du Canada Limitée ont été liées à l'économie canadienne depuis trente ans.

James Howden & Compagnie Limitée de Glasgow, Écosse, avait auparavant exporté ses produits au Canada et les avait vendus par l'entremise d'agents canadiens. Le 3 avril 1956, une compagnie auxiliaire—James Howden & Compagnie du Canada Limitée—fut incorporée par charte du dominion dans le but de manufacturer au Canada cet équipement qui auparavant était importé de l'usine du Royaume-Uni. Une installation manufacturière fut ensuite établie à Scarborough, Ontario en 1958 et les ventes des produits canadiens Howden commencèrent à s'accroître constamment.

Depuis 1944, C. A. Parsons & Compagnie Limitée de Newcastle, Angleterre, vendait au Canada par l'entremise d'une auxiliaire qui lui appartenait—C. A. Parsons du Canada Limitée. Au début de 1960, C. A. Parsons & Compagnie Limitée ont décidé d'établir une manufacture au Canada. Après avoir revisé plusieurs usines en Ontario et au Québec, il devint évident que les produits Parsons s'adapteraient mieux aux installations manufacturières existantes et aux débouchés du marché de l'organisation Howden en Ontario.

Finalement une entente fut atteinte, des lettres patentes supplémentaires furent émises, et le 16 mai 1963 la compagnie auxiliaire canadienne Howden devint James Howden & Parsons du Canada Limitée.

L'union des deux compagnies augmenta la valeur total des biens employés à \$16 millions, propriété répartie comme suit, 51 pour cent Howden—49 pourcent C. A. Parsons.

La compagnie existante d'alors Parsons du Canada, organisation de ventes et service, fut amalgamée à l'organisation existante Howden et la nouvelle compagnie commença le travail conjointement vers la fin de 1963.

Since its inception in 1956 the Howden operation has become firmly established as a manufacturer of air preheaters, fans, blowers, and custom engineered products for electrical utility companies, oil and gas industries, refining and process markets, the pulp and paper industries, and various resource industries.

The merger of the two companies extended the company's capabilities, through the technical ability and rights of patent of the parent Parsons organization, to include the manufacture of steam turbo generators.

The present work force comprises over 400 highly technically skilled tradesmen and professionals.

#### Purpose

It is the purpose of this submission to bring to the attention of Government the fact that our particular industry is particularly susceptible to dumping practices since the Canadian market attracts the large manufacturers of the U.S.A., U.K., Europe and Japan because the scale of operations in the electrical industry is currently enormous and, we anticipate, will expand at the rate of about 10-12 percent per annum during the next ten years.

#### Market

This large market enables large foreign manufacturers to offer price competition which is not in direct relation to the value of the equipment and services offered.

The White Paper on the proposed anti-dumping legislation and those regulations which we have thus far seen appear to apply to consumer goods type of product. The heavy electrical industry market does not have the same continuous flow characteristic and thus the loss of a large contract with a life span from commencement of manufacture to completion of erection and commissioning of up to five years has a severe effect on the employment of personnel, procurement of materials and services, collection of taxes and an overall multiplier effect in Canada which, because of our small scale of operations, more directly affects the economy than in the larger industrialized nations.

Our company has been established to serve the particular needs and requirements of the Canadian domestic market and it has followed a steady growth pattern. It is the policy of the company to establish a broad Canadian

Depuis son origine en 1956 l'opération Howden est devenue fermement reconnue comme manufacturier de réchauffeurs d'air, de ventilateurs, de souffleurs et de produits techniques pratiques pour les compagnies d'utilité électrique, les industries d'huile et gazoline, les marchés d'affinage et de processus, les industries de la pulpe et du papier et autres industries de ressource.

La fusion des deux compagnies a accru les capacités de la compagnie par l'entremise de l'aptitude technique et les droits brevetés de l'organisation mère Parsons pour inclure la fabrication de turbo-génératrices à vapeur.

Le personnel est présentement composé de plus de 400 marchands et professionnels hautement spécialisés en affaires techniques.

#### But

Le but de cette soumission est d'apporter l'attention du gouvernement au fait que notre industrie spéciale est particulièrement susceptible aux pratiques du dumping depuis que le marché canadien attire les grands manufacturiers des États-Unis, Royaume-Uni, Europe et du Japon parce que l'échelle des opérations dans l'industrie d'équipement électrique est présentement énorme et, nous prévoyons, augmentera au taux de 10-12 pour cent par année durant les dix prochaines années.

#### Marché

Le marché considérable permet aux grands manufacturiers étrangers d'offrir une concurrence de prix qui n'est pas en rapport direct à la valeur de l'équipement et des services offerts.

Le Livre blanc sur la législation proposée pour l'anti-dumping et les règlements que nous avons eus jusqu'à présent semble s'appliquer aux produits genre consommateur. Le marché de l'industrie d'équipement électrique lourd n'a pas la même caractéristique d'écoulement continu et ainsi la perte d'un important contrat dont la durée à partir du début de la fabrication à l'achèvement de l'installation et un mandat allant jusqu'à cinq ans a un effet prépondérant quant à l'engagement du personnel, l'obtention des matériaux et des services, la perception des taxes et un effet multiplicateur complet au Canada lequel, à cause d'une petite échelle d'opérations, affecte plus directement l'économie que pour les nations industrialisées plus considérables.

Notre compagnie a été fondée pour servir les besoins particuliers et les demandes du marché domestique canadien et a poursuivi un plan continu de développement. C'est la politique de la compagnie d'établir tout d'a-



base prior to large ventures into export markets. However, the company has already ventured into the export marketplace quite successfully.

#### Export Potential

Our domestic and export production could continue to grow and prosper provided we are able to maintain a strong domestic market and that artificial trade barriers and regulations such as countervailing duties, quotas, import licences and a multitude of other regulatory instruments are ineffective as far as Canadian imports into other countries are concerned.

At the same time it is necessary that the proposed antidumping legislation become effective in controlling unreasonable competitive pressure in our own market.

#### Effect on our Company of Proposed Anti-Dumping Legislation

The most significant change now proposed relates to the requirement that in future there must be a decision on behalf of the Government that there has been some material injury, or threat of material injury, to a domestic industry before anti-dumping duties can be applied.

Up until the present time, by previous application of Section 6 of the Canadian Customs Tariff, dumping duties and special duties have been applied automatically with the onus on the importer to prove that dumping has not occurred after he has paid the duty.

The proposed legislation will require domestic producers to prove that dumping has taken place or is about to take place. This requirement will, we submit, be difficult to meet in many instances.

Whilst it is true that the Government can, under the new legislation, initiate, under its own volition, investigation into apparent cases of dumping, it is difficult to foresee Government checking all and every import for possible dumping, or deciding to take special steps at the request of every complainant.

It is our view that the proposed legislation takes some of the teeth out of the old anti-dumping laws.

Whilst the intent of the proposed legislation is to be commended, i.e. the dumping of goods threatens material injury to an established industry or retards the development of same, the administrative procedures required to ensure that the intent of the legis-

bord une vaste base canadienne avant de s'aventurer dans les marchés d'exportation. Cependant la compagnie s'est déjà engagée dans le marché d'exportation avec succès.

#### Pouvoir d'exportation

Notre production domestique et d'exportation pourrait continuer d'augmenter et de prospérer à condition que nous soyons capable de maintenir un marché domestique fort et que les fausses barrières des échanges commerciaux et les règlements tels que les droits compensateurs, contingents, permis d'importation et une foule d'autres actes régulateurs sont impuissants en autant que les importations canadiennes sont concernées dans les autres pays.

En même temps, il est nécessaire que la législation proposée sur l'anti-dumping devienne efficace dans le contrôle de pression à la concurrence exagérée sur notre propre marché.

#### Effet sur notre compagnie de la législation proposée contre l'anti-dumping

Le changement le plus significatif proposé à date se rapporte au besoin qu'une décision doit être prise par le gouvernement qu'il y a eu un tort matériel ou une menace de tort matériel, à l'industrie domestique avant que les droits de l'anti-dumping soient appliqués.

Jusqu'à présent, par l'application auparavant de la section 6 du tarif des douanes canadiennes, les droits du dumping et les droits spéciaux ont été automatiquement appliqués avec le fardeau sur l'importateur pour prouver que le dumping n'a pas eu lieu après qu'il a payé la douane.

La législation proposée demandera des producteurs domestiques de prouver que le dumping a eu lieu ou va avoir lieu. Cette exigence sera, nous pensons, très difficile d'y arriver dans bien des cas.

Cependant il est vrai que le gouvernement peut par la nouvelle législation commencer par sa propre volonté une investigation dans des cas apparents de dumping, il est difficile de prévoir que le gouvernement vérifiera toutes et chaque importation susceptible de dumping ou décidera de prendre des mesures spéciales à la demande de chaque plaignant.

C'est notre opinion que la législation proposée enlève du mordant aux anciennes lois de l'anti-dumping.

Bien que l'intention de la législation proposée soit louable, i.e. le dumping de biens menace une industrie établie de dommage matériel ou retarde son épanouissement, les procédures administratives requises pour assurer que l'intention de mettre en force la

lation is carried out seem, in some cases, unnecessary and time consuming.

For example, how does a Canadian manufacturer, tendering against international competition on a public tender call in Canada, prove that the competition is dumping? Yet the proposed legislation, Part 1, Anti-Dumping Code A, Determination of Dumping—Article 3 paragraph (e) states: "A determination of threat of material injury shall be based on facts and not merely on allegations, conjecture or remote possibility...."(!)

Also, Part 1, Anti-Dumping Code C, Investigation and Administrative Procedures—Article 5(a), states: "Investigation shall normally be instigated upon a request on behalf of the industry affected, supported by evidence both of dumping and of injury resulting therefrom for this industry."

Steam turbo generators for power stations are not publicly 'offered for sale' in the normal sense of the phrase. It would not be expected, within the next few years, to see more than five to eight separate transactions in any one year involving the sale of steam turbo generators to public utilities in Canada. Contracts for these large steam turbo generators are usually awarded as the result of a call for competitive tenders by Canadian utility companies. It has not been normal practice in Canada for the public utilities to have a public opening of tenders, or to make a public announcement of prices as bid.

In circumstances such as these, the Canadian manufacturer may be quite unable to obtain a true indication of prices bid by foreign manufacturers until some time after a formal contract may have been placed with these same foreign manufacturers. Any complaint made by a Canadian manufacturer at this stage of a major power station project is likely to defer the public utility's planned schedule for a new plant installation by at least six months, and unlikely to be conducive to goodwill between the Canadian manufacturer and the Canadian public utility commission.

This will be particularly so if the complaint is proved to be justified and dumping duty is imposed upon the contract. For the sake of the Canadian public utility industry alone, it is essential that the possibility of dumping be examined and a firm decision made as to whether or not dumping duty is applicable at least four weeks ahead of the scheduled time for contract placement.

législation semble dans certains cas inutile et une perte de temps.

Par exemple, comment un manufacturier canadien soumissionnant contre la concurrence internationale sur une soumission publique dans le Canada, peut-il prouver que la compétition est du dumping? Pourtant la législation proposée, Première partie, code A anti-dumping, détermination du dumping—article 3, paragraphe (e) dit: «Une décision de menace de tort matériel sera basée sur des faits et non seulement sur des prétentions, conjectures ou possibilités lointaines.» (!)

De plus, Première partie, code C sur l'anti-dumping Procédé d'investigation et d'administration, article 5 (a) dit: «Une investigation doit normalement débiter à la demande de l'industrie affectée avec preuve de dumping et aussi de tort encouru par cette industrie».

Les turbo-génératrices à vapeur pour stations génératrices ne sont pas offertes au public pour vente au sens propre de la phrase. On ne s'attend pas, dans les années futures de voir à faire plus de cinq à huit transactions différentes dans une même année concernant la vente des turbo-génératrices à vapeur pour le service public au Canada. Les contrats pour ces amples turbo-génératrices sont habituellement donnés à la suite d'un appel aux soumissions fait aux compagnies d'entreprises canadiennes. Ce n'est pas l'usage normal au Canada pour les services publics d'avoir une ouverture publique des soumissions ni d'annoncer au public la valeur de ces dernières.

Dans de telles circonstances, le manufacturier canadien se trouve dans l'impossibilité d'obtenir une indication exacte des prix soumissionnés par les manufacturiers étrangers jusque après le contrat formel a été accordé aux même manufacturiers étrangers. Tout grief émis par un manufacturier canadien à ce stage-ci d'un projet majeur de station d'énergie peut avoir pour effet de retarder les prévisions du service public pour une nouvelle usine d'installation par au moins six mois, et n'aidera pas à la bonne entente entre le manufacturier canadien et la commission canadienne des services publics.

Ceci se produira plus particulièrement si la plainte est fondée et le droit de dumping est imposé au contrat. De grâce seulement pour l'industrie canadienne des services publics, il est essentiel que la possibilité de dumping soit examinée et qu'une ferme décision soit prise à savoir si oui ou non le droit de dumping peut être appliqué au moins quatre semaines avant le temps prévu pour le placement de contrat.



It is our recommendation that public utilities be asked to ensure that there be a public disclosure of any set of competitive bids when one or more of these bids is in respect of equipment tendered by bidders other than Canadian manufacturers. Preferably there should be a public opening of tenders.

It is heartening for our industry to read a newspaper report, quoting Mr. R. Y. Gray, Assistant Deputy Minister of Finance, before the Commons Committee on Finance, Trade and Economic Affairs, as stating that—"Canadian producers who will lose out on contracts because foreign goods are being dumped in Canada may get a second chance to bid on contracts as a result of the proposed new Canadian Anti-Dumping Bill." (Further)—"In some cases, particularly in contracts for capital equipment, delivery may not be made for one or two years after the contract is signed. Thus, provision for the levying of dumping duties at the time of contract signing, or shortly thereafter, could alter the attractiveness of some sales and lead companies to reconsider their decisions."

Mr. Gray later said that the publication of Government and utility contracts would be one source of price information.

The fact that the Government has taken cognizance of this practical application of assistance to Canadian industry in an act of good faith is very encouraging.

Our company is, therefore, approaching this whole proposed legislation as an act of faith, but we are not at all sure how the Government proposes to monitor the situation which will surely develop.

Quite aside from the power utility industry requirements, the heavy electrical industry, and our company in particular, has other clients in the pulp and paper industries, the process industries, gas and oil industries, natural resource industries and others. In these particular sectors of industry it is difficult to imagine, and unrealistic to expect, a purchasing controller being required to divulge details of competitive bids when, for example, one Canadian manufacturer is bidding against three importers.

We are also a little concerned as to how the Deputy Minister will determine the difference between normal selling price and export price, and how he will ensure that the information will be accurate.

C'est notre recommandation que les services publics soient demandés de s'assurer qu'il y ait une révélation publique de toutes soumissions lorsqu'une ou plusieurs de ces soumissions ont rapport à de l'équipement soumissionné par des enchérisseurs autres que des manufacturiers canadiens. Il serait préférable d'avoir une séance publique d'ouverture de soumissions.

C'est réconfortant pour notre industrie de lire un rapport dans un journal, citant M. R. Y. Gray, sous-ministre adjoint des finances, devant la commission de finance, échanges commerciaux et affaires économiques, affirmant que «Les producteurs canadiens qui perdront des contrats parce que des marchandises étrangères sont déversées au Canada auront peut-être une seconde opportunité de soumissionner sur des contrats à la suite de la nouvelle loi canadienne sur l'anti-dumping.» (De plus)—«Dans certains cas, particulièrement dans les contrats de l'équipement capital la livraison peut parfois avoir lieu un ou deux ans après que le contrat est signé. Ainsi, la disposition pour l'imposition des droits du dumping au moment du contrat ou peu de temps après pourrait changer l'attrait de certaines ventes et amener les compagnies à reconsidérer leurs décisions.

M. Gray a dit plus tard que la publication des contrats du gouvernement et de service deviendrait une source d'information sur le prix.

Le fait que le gouvernement a pris conscience de l'application pratique d'assistance à l'industrie canadienne de bonne foi est des plus encourageant.

Notre compagnie envisage alors cette législation proposée comme un acte de foi, mais nous ne sommes pas tout à fait certains comment le gouvernement se propose de régler la situation qui va sûrement en résulter.

Bien à part des besoins de l'industrie de service d'énergie, l'industrie d'équipement électrique lourd et notre compagnie en particulier a d'autres clients dans les industries de la pulpe et du papier, les industries de processus, les industries d'huile et de gazoline, les industries de ressources naturelles et d'autres. Dans ces secteurs particuliers de l'industrie, il est difficile d'imaginer et chimérique de s'attendre à ce qu'un contrôleur d'achat soit requis de dévoiler les détails des soumissions publiques quand, par exemple, un manufacturier canadien soumissionne contre trois importateurs.

Nous sommes un peu inquiets à savoir comment le sous-ministre déterminera la différence entre le prix normal de vente et le prix d'exportation, et comment il assurera que l'information sera juste.

### Specific Concerns of our Company

It seems to us that the Government is now dealing with four main areas of anti-dumping policy:—

1. The determination of dumping.
2. The determination of injury to a domestic industry.
3. The administration of the anti-dumping system.
4. The use of provisional measures and retro-activity.

### Surtax Application

In this last connection it is our understanding of the new regulations that the imposition of a surtax on imported goods that cause or threaten serious injury to Canadian producers, but where no dumping has occurred, can be applied. This provision is considered by us to be highly necessary and an essential element of Customs legislation covering the importation of goods into Canada.

The introduction of the 'injury concept' into the Canadian anti-dumping system is one of the most important changes in Canadian Government commercial policy since the preferential tariff on British goods was set up in 1932, and it is noticed that coverage of the anti-dumping system will be extended to include industries in their different stages of development.

### Definition of Injury

It is noticed that in the proposals now before the Government a clear-cut definition of 'injury' has not been made. If this has been purposely omitted then all well and good, but we suggest that the Government might have a private discussion with Canadian manufacturers in order that we all know what the Government has in mind in this regard, even if the regulations are not published.

### Conclusion

The proposed legislation on anti-dumping could be a highly effective instrument for promoting the development and expansion of Canadian industry and as a tool for collecting increased revenue which the Federal Government sorely needs.

In the past, the existing anti-dumping legislation has been very effective as a deterrent in that penalties were automatic whenever dumping occurred. Its prime ineffectiveness towards developing Canadian industry

### Aspects spéciaux de notre compagnie

Il semble que le gouvernement doit faire face à quatre aspects de la politique d'anti-dumping:

1. La détermination du dumping.
2. La détermination du tort à l'industrie domestique.
3. L'administration du système d'anti-dumping.
4. L'usage de mesures provisoires et rétro-activité.

### Application de surtaxe

Dans ce dernier contexte, notre compréhension des nouveaux règlements est que l'imposition d'une surtaxe sur les biens importés qui cause ou menace sérieusement de faire du tort aux producteurs canadiens, mais où le dumping n'a pas eu lieu, peut s'appliquer. Cette disposition est considérée comme étant des plus nécessaire et un élément essentiel de la législation des douanes concernant l'importation de biens au Canada.

L'introduction du «concept tort» dans le système canadien d'anti-dumping est l'un des changements les plus importants dans la politique commerciale du gouvernement canadien depuis que le tarif préférentiel sur les biens britanniques fut établi en 1932, et il est à noter que le champ d'action du système anti-dumping s'étendra jusqu'aux industries dans leurs différents stages de développement.

### Définition de tort

Il est à noter que parmi les suggestions maintenant devant le gouvernement, aucune définition précise de «tort» a été faite. Si cela a été oublié volontairement, alors tout bien tout bon, mais nous suggérons que le gouvernement puisse avoir une discussion privée avec les manufacturiers canadiens afin que nous sachions tous ce que le gouvernement propose de faire à ce sujet même si les règlements ne sont pas publiés.

### Conclusion

La législation proposée sur l'anti-dumping pourrait devenir un instrument hautement effectif pour la promotion du développement et l'expansion de l'industrie canadienne et comme un outil pour rassembler les revenus accrus dont le gouvernement fédéral a tant besoin.

Dans le passé, la législation en vigueur contre l'anti-dumping a été très efficace comme prévention en ce que les amendes étaient automatiques lorsque le dumping avait lieu. Son inefficacité première à l'égard



was that importation had to take place before dumping duties could be applied.

With action taken at the time of importation the opportunity of contract placement to Canadian producers did not take place.

If the intent of the new legislation provides for action at the earliest time and is effective at the time an order is being negotiated, then the Government is to be complimented on its foresight.

#### Assistance to Government

This company stands ready to assist the Government in any direction where our professional skills, market knowledge and judgment are required to assist the Deputy Minister in the administration of this obviously very difficult legislation. This company will also submit complaints on every single case where dumping occurs of like products, for which we have submitted tenders to Canadian clients.

du développement de l'industrie canadienne fut que l'importation devait avoir lieu avant que les droits de dumping puissent être appliqués.

Avec l'action prise au moment de l'importation, l'opportunité de l'échéance de contrat aux producteurs canadiens n'avait pas lieu.

Si c'est l'intention de la nouvelle législation de permettre une action rapide et efficace au moment où une commande est négociée, alors le gouvernement devra être complimenté pour sa clairvoyance.

#### Aide au gouvernement

Cette compagnie est prête à aider le gouvernement dans n'importe quelle circonstance où nos habilités professionnelles sont requises pour assister le sous-ministre dans l'administration de cette législation des plus difficile. Cette compagnie soumettra aussi des plaintes en chaque circonstance où il y aura du dumping de produits, pour lesquels nous aurons émis une soumission aux clients canadiens.

## APPENDIX LL

SUBMISSION TO  
THE STANDING COMMITTEE OF  
THE HOUSE OF COMMONS ON  
TRADE, FINANCE AND ECONOMIC  
AFFAIRS  
BY THE CANADIAN FEDERATION  
OF AGRICULTURE

November, 1968

1. This presentation will explore with members of the House some of the problems facing agricultural producers, and the trade implications of these problems. We hope to contribute in some measure to an improved understanding of these problems, and of their relationship to the White Paper proposals for a Canadian Anti-Dumping Act and the other proposed changes in the Customs Act and Customs Tariff.

2. The legislative proposals in the White Paper deal, of course, with problems of certain forms of protection for domestic producers. Our submission to you will, correspondingly, deal with some of those aspects of our agricultural policy problems that involve protectionist needs. More precisely, it will deal with periodic needs for protection that arise out of the chronic problems of price and market instability, and surplus production, at home and abroad, that plague agricultural producers. We emphasize the word periodic. It is not the basic drive of this submission to make a general case for a stifling of agricultural trade. We are after all a heavily surplus-producing country in agricultural terms, and a major agricultural exporter. We are trying in this submission to deal with specific and very real problems of finding means of giving to agricultural producers a decent measure of security and stability. We would like to recognize at the outset that solutions to the problems of protection from disruptive import movements at low prices must, to be entirely satisfactory, involve successful consultation and agreement with other countries affected. International commodity agreements are the most formal, but by no means the only possible, expression of the results of such consultation. We think satisfactory solutions can, with determination and good will, be arrived at. The GATT is after all not intended to be a straightjacket. It is supposed

## APPENDICE LL

MÉMOIRE DE LA FÉDÉRATION  
CANADIENNE DE L'AGRICULTURE  
AU COMITÉ PERMANENT  
DU COMMERCE, DES FINANCES ET  
DES AFFAIRES ÉCONOMIQUES  
DE LA CHAMBRE DES COMMUNES

1. Nous voulons, dans le présent mémoire, explorer avec les députés certains problèmes que rencontre le producteur agricole et en examiner les répercussions commerciales. Nous espérons contribuer ainsi à une meilleure compréhension de ces problèmes et de leurs rapports avec les propositions énoncées dans le Livre blanc relatif à une loi canadienne antidumping et les autres modifications envisagées à la loi sur les douanes et au Tarif des douanes.

2. Les propositions législatives contenues dans le Livre blanc portent évidemment sur certains problèmes que posent certaines formes de protection des producteurs nationaux. En conséquence, notre mémoire traite de certains de ces aspects des problèmes de notre politique agricole qui entraînent certains besoins de protection. Nous nous arrêtons tout particulièrement aux besoins périodiques créés par les problèmes chroniques d'instabilité des prix et des débouchés, et de la production excédentaire, canadienne et étrangère, qui harcèlent les producteurs agricoles. Nous soulignons le mot *périodiques*. L'objet premier de ce mémoire n'est pas de nous élever en général contre l'étouffement de l'industrie agricole. Car le Canada a une forte production agricole excédentaire et est un important exportateur de denrées agricoles. Nous tâchons de nous en tenir aux problèmes précis et très réels qui se posent dès qu'on essaie d'apporter aux producteurs agricoles un degré raisonnable de sécurité et de stabilité. Reconnaissons au départ que toutes solutions aux problèmes de protection contre les mauvais effets de l'entrée d'importations à prix faibles doivent, pour être absolument satisfaisantes, comporter des consultations et des ententes avec d'autres pays en cause. Les accords internationaux sur les denrées constituent les moyens des plus formels, mais ce ne sont aucunement les seuls qui peuvent découler de telles consultations. Nous sommes con-



to provide, above everything else, a means of making effective international consultation and accommodation to the opportunities and problems of international trading relationships.

3. The problems we will be discussing in this submission are only partially related, and can only partially be met, by the legislation you have before you. To put our submissions into an understandable context, therefore, we will discuss the problems of the agricultural producer in relation to import movements into Canada somewhat more broadly, in the hope that it will be clearer where your present concerns fit in, and in the hope too that members of the House will more fully appreciate broader ramifications of the problem as a whole.

4. Not all of our comments and recommendations will be specifically directed to changes in the text of the proposed legislation contained in the White Paper. While legislation should serve to facilitate and make possible the development of an adequate policy towards agricultural trade problems, reference to the terms of the legislation itself do not and cannot be expected to settle the policy questions involved. Vital decisions will continuously be made at administrative and governmental level. We think it is a very proper function of this Committee to consider these problems and, if it sees fit, to make recommendations to government respecting them even beyond the point of introducing proposals for specific amendments in the legislation.

5. The basic problem with which we are dealing in this submission is the problem of how to ensure a reasonable degree of price and market stability for the producer of farm products. The injurious effects of import movements into Canada at depressed prices is one important aspect of the question. Our basic thesis is that agricultural policy must seek to find means of providing producers of agricultural products with stable and remunerative markets and levels of prices. In pursuing this goal it is clear means must be found to provide reasonable protection from importations into Canada which can take place from time to time at depressed prices and in quantities that disrupt markets.

vaincus qu'avec suffisamment de détermination et de bonne volonté, il est possible de trouver des solutions satisfaisantes. Le GATT n'a certes pas été conçu comme une camisole de force. Au contraire, il est censé offrir, avant tout, un moyen efficace de consultation internationale et d'adaptation aux possibilités en même temps qu'aux difficultés des rapports internationaux sur le plan commercial.

3. Les problèmes que nous envisageons dans ce mémoire ne se rattachent que partiellement au projet de loi dont vous êtes saisis et celui-ci ne peut que partiellement les résoudre. Donc pour placer notre exposé dans un contexte clair, nous examinerons les problèmes du producteur agricole par rapport aux mouvements des importations vers le Canada d'un point de vue un peu plus large, en espérant qu'il vous sera plus facile de voir où vos préoccupations actuelles viennent s'insérer et que vous pourrez aussi mieux saisir les ramifications plus larges du problème pris dans son ensemble.

4. Nos observations et recommandations ne tendent pas toutes de façon précise à amender le texte du projet de loi tel qu'il est proposé dans le Livre blanc. Si une loi doit faciliter l'élaboration d'une bonne politique de commerce agricole, nous ne pouvons ni ne devons nous attendre à ce que le texte même tranche les questions de politique qui se posent. Il restera toujours des décisions capitales à prendre au niveau de l'administration et du gouvernement. Nous trouvons fort approprié que ce Comité examine ces problèmes et, s'il le juge à propos, qu'il présente à leur sujet des recommandations au gouvernement, en allant même au-delà de propositions destinées strictement à amender le projet de loi.

5. Le problème fondamental que nous examinons ici est celui de la façon d'assurer un degré raisonnable de stabilité des prix et des marchés au producteur de denrées agricoles. Les effets néfastes de l'entrée d'importations au Canada à prix faibles constitue l'un des aspects importants de la question. Notre thèse fondamentale, c'est que la politique agricole doit chercher moyen d'assurer aux producteurs de denrées agricoles des marchés et des niveaux de prix stables et rémunérateurs. Il est clair que, dans la poursuite de cet objectif, il faut trouver moyen d'assurer une protection raisonnable contre les importations qui, de temps à autre, entrent au Canada à prix faibles et en quantités qui bouleversent nos marchés.

6. The need for protective action arises in the following circumstances:

1. When there is dumping of farm products on Canadian markets.

2. When cyclical or seasonal declines in prices of imports depress Canadian prices, and products coming in at those prices invade Canadian markets unreasonably. Circumstances can also exist where imports at depressed prices occur for other than seasonal or cyclical reasons, and where action is indicated.

3. Where organized efforts by producers to manage the supply of their product, through marketing boards or by other means, are jeopardized by imports.

4. When action by government to support the price of agricultural products must be backed up by corresponding action to prevent the disruption of such programs by importations.

7. It should be mentioned that the products with which we have up to now been mainly concerned in the strict context of the legislation of which we are speaking today are, on the one hand, horticultural products—fruits and vegetables—and on the other eggs, broilers and turkeys. We do not mean however that these discussions have no relevance to other products. The problem of depressed corn prices which has recently led the government to take action, makes this clear. It is worth noting too that large sectors of Canadian agriculture—notably the dairy industry and western grains production (plus Ontario wheat)—are operating in the framework of established policy respecting trade and of different mechanisms than the ones discussed here for meeting problems that arise.

8. Moreover, in the field of horticultural products, the Canadian Horticultural Council, a member organization of the Canadian Federation of Agriculture, has a long and effective history of dealing with the trade problems of fruit and vegetable products. The Council subscribes to this submission but in appearing before you today the Canadian Federation of Agriculture does not pretend to be either competent or authorized to discuss the details of specific problems of horticultural products.

6. Le besoin de protection se présente dans les circonstances suivantes:

1. Lorsqu'il s'exerce du dumping de produits agricoles sur les marchés canadiens.

2. Lorsque des fléchissements cycliques ou saisonniers des prix et des importations viennent avilir les prix canadiens et que les produits importés à ces prix envahissent les marchés canadiens dans des proportions déraisonnables. Il peut aussi se présenter des circonstances où il se fait des importations à prix faibles pour des raisons autres que saisonnières ou cycliques et qui appellent une intervention.

3. Lorsque les efforts concertés des producteurs pour régir l'approvisionnement de leur produit, par le truchement de commissions de mise en marché ou d'autres moyens, sont contrecarrés par les importations.

4. Lorsque l'action du gouvernement pour maintenir le prix de certaines denrées agricoles doit être appuyé par une action correspondante, pour empêcher les importations de venir désorganiser de tels programmes.

7. Disons tout de suite que les produits qui nous ont jusqu'ici surtout préoccupés dans le contexte strict de la loi dont nous parlons aujourd'hui sont, d'une part, les produits horticoles, soit les fruits et les légumes, et d'autre part, les œufs, les poulets à griller et les dindons. Il ne s'ensuit pas cependant que cet examen ne s'applique pas à d'autres produits. On n'a qu'à songer, par exemple, à la faiblesse des prix du maïs qui ont suscité dernièrement l'intervention du gouvernement. Notons aussi que de larges secteurs de l'agriculture canadienne, en particulier l'industrie laitière et la production céréalière de l'Ouest (en plus du blé de l'Ontario), sont encadrés par une politique commerciale établie et des mécanismes qui diffèrent de ceux qui sont envisagés ici.

8. Dans le domaine des produits horticoles, en outre, le Conseil canadien de l'horticulture, organisation membre de la Fédération canadienne de l'agriculture, possède de longs états de services efficaces dans la commercialisation des fruits et des légumes. Il appuie le présent mémoire, mais en se présentant devant vous, aujourd'hui, la Fédération canadienne de l'agriculture ne prétend aucunement être assez compétente pour examiner en détail les problèmes précis que rencontre la production horticulture et être autorisée à le faire.



*Dumping*

9. The conditions of trade in agricultural products are such that recourse to anti-dumping duties as a means of protection, using the criteria by which the existence of dumping is generally determined, is unlikely to give the farmer much protection. The anti-dumping provision of the present Canadian law and those of the proposed law, tied as they are primarily to identifying systematic price discrimination and price differentiation by exporters between domestic and export sales, do not meet the agricultural situation. Article 2(a) of the GATT agreement for implementing anti-dumping policy refers to "normal value" and says that a product is considered as being dumped, that is, exported at less than "normal value", "if the export price of the product exported from one country to another is less than the comparable price, in the ordinary course of trade, for the like product when destined for consumption in the exporting country". The "ordinary course of trade" in agricultural products, unless special measures are taken to ensure otherwise, is characterized by frequent short-term price fluctuations, production and disposal of surpluses in clear markets, and periodic increases and declines in price. Under such conditions the concept of what is "normal" requires special definition and interpretation. Article 2(d) of the Anti-Dumping Code states in part that "...when, because of the particular market situation, such sales (of the like product) do not permit a proper comparison, the margin of dumping shall be determined by comparison...with the cost of production in the country of origin plus a reasonable amount for administrative, selling and any other costs and for profits". This terminology—"because of the particular market situation"—does not appear in the draft legislation set out in the White Paper. It seems to us that the rules for the determination of dumping in the Draft Canadian Anti-Dumping Act unnecessarily restrict the opportunity, in the agricultural context at least, for a reasonable but sufficiently flexible approach to the determination of dumping.

10. We know that to provide this flexibility would not be a simple matter, but we do not think that it would be at all impossible. We

*Le dumping*

9. Les conditions du commerce des produits agricoles étant ce qu'elles sont, le recours à des droits antidumping comme moyen de protection, en s'appuyant sur les critères qui servent d'ordinaire à déterminer l'existence du dumping, risque fort de ne pas beaucoup protéger le producteur. Les dispositions sur l'antidumping que renferme la loi actuelle et celles qui sont envisagées dans le projet de loi, reliées qu'elles sont avant tout à la détection de la discrimination systématique des prix et des écarts de prix pratiqués par les exportateurs entre les ventes intérieures et les ventes à l'exportation, ne répondent pas aux besoins de l'agriculture. L'article 2a) de l'accord du GATT pour la mise en œuvre d'une politique d'antidumping parle de la «valeur normale» et précise qu'un produit est considéré comme faisant l'objet d'un dumping, c'est-à-dire comme étant exporté à un prix inférieur à la «valeur normale», si le prix à l'exportation de ce produit lorsqu'il est exporté d'un pays vers un autre est inférieur au prix comparable pratiqué au cours d'opérations commerciales normales pour un produit similaire destiné à la consommation dans le pays exportateur. Or les «opérations commerciales normales» quand il s'agit de produits agricoles, à moins qu'on ait pris des mesures spéciales pour les modifier, sont caractérisées par de fréquentes fluctuations de prix à court terme, par la production et l'écoulement d'excédents en vue de libérer le marché et par des hausses et des baisses de prix périodiques. Dans de telles conditions, la notion de ce qui est «normal» exige donc une définition et une interprétation spéciales. L'article 2d) du Code antidumping prévoit notamment que "...lorsque, du fait de la situation particulière du marché, de telles ventes (c.à-d. du produit similaire) ne permettent pas une comparaison valable, la marge de dumping sera déterminée par comparaison... avec le coût de production dans le pays d'origine majoré d'un montant raisonnable pour les frais d'administration, de vente et autres et pour les bénéfices». L'expression «du fait de la situation particulière du marché» ne figure pas dans le projet de loi contenu dans le Livre blanc. Il nous semble que les règles de détermination du dumping qui figurent dans le projet de loi canadienne antidumping restreignent sans nécessité la possibilité de recourir, tout au moins dans le contexte de l'agriculture, à une méthode raisonnable mais suffisamment souple de détermination du dumping.

10. Nous savons qu'il n'est pas simple d'assurer une telle souplesse, mais nous ne croyons pas que ce soit le moins

are not suggesting that an attempt be made to use the Anti-Dumping Act as the single, or even the major instrument for meeting the problems that we are dealing with in this submission. We are suggesting, however, that there are particular situations in agricultural markets where a very substantial case can be made that importations into Canada in fact represent by any reasonable standards and abnormal price which reflects particular market situations that require a particular basis of determination of dumping. The fact that product may also be sold to buyers in the exporting country in some quantities at the same price as the exports to Canada are sold, should not completely rule out the possibility of dumping being found.

11. It does seem to us that, for example, it would not be unreasonable to amend section 9, sub-section 3 of the Draft Canadian Anti-Dumping Act to read (new words underlined): "Where the normal value of any goods cannot be determined under sub-section 1 by reason that there was not a sufficient number of sales of like goods that comply with all the terms and conditions that are referred to in that sub-section or that are applicable by virtue of sub-section 2, *or if because of the particular market situation, such sales do not permit a proper comparison*, the normal value of the goods shall be determined, at the option of the Minister in any case or class of cases, as...etc."

12. We are saying here that we do not think the criteria of a sufficient number of sales is adequate for all purposes, as related in any case to the agricultural problem, and that an additional part of the wording in the code could very properly be inserted, as suggested above, to give a degree of increased flexibility and opportunity for taking account of the very complex conditions that are from time to time created in agricultural markets.

13. We would add to this that if the implementation of the new provision that we have suggested were not to be applied in an excessively arbitrary manner, and with insufficient promptness, it would be necessary for intensive attention to be given to the definition and interpretation of this concept in relation to agricultural marketing problems, in co-operation with the representatives of producers in Canada, so that dumping could be clearly identified and promptly administered.

impossible. Nous ne proposons pas qu'on tente d'utiliser la loi antidumping comme unique ou même principal moyen de résoudre les problèmes dont il s'agit dans le présent mémoire. Ce que nous disons, c'est que les marchés agricoles présentent des situations particulières telles qu'il est très facile d'établir que les importations qui entrent au Canada se font en réalité, selon toutes normes raisonnables, à un prix anormal qui reflète des situations particulières des marchés exigeant une base particulière de détermination du dumping. Le fait que ce même produit puisse aussi être vendu en certaines quantités à des acheteurs du pays d'exportation ne devrait pas complètement exclure la possibilité qu'on puisse découvrir du dumping.

11. Ainsi, il nous semble bien qu'il ne serait pas déraisonnable d'amender le paragraphe 3 de l'article 9 du projet de loi canadienne antidumping en ces termes (les nouveaux mots sont soulignés): «Lorsque la valeur normale des marchandises ne peut être déterminée en vertu du paragraphe (1) en raison du fait qu'il n'y a pas un nombre suffisant de ventes de marchandises semblables répondant à toutes les modalités qui sont visées dans ce paragraphe ou qui sont applicables en vertu du paragraphe (2), *ou si en raison de la situation particulière du marché de telles ventes ne permettent pas une comparaison valable*, la valeur normale des marchandises doit être déterminée, au gré du Ministre, dans tout cas ou toute catégorie de cas, ...etc.»

12. A notre avis, le critère du nombre suffisant de ventes n'est pas suffisant dans tous les cas, du moins en ce qui concerne l'agriculture, et il y aurait tout lieu d'insérer dans le Code le passage que nous proposons ci-dessus, pour lui donner pas mal plus de souplesse et permettre de tenir compte des conditions très complexes qui surgissent de temps à autre sur les marchés agricoles.

13. Nous ajoutons que si la mise en vigueur de la nouvelle disposition que nous avons proposée n'était pas appliquée de façon excessivement arbitraire et trop lente, il serait nécessaire de se préoccuper très attentivement de la définition et de l'interprétation de ce concept par rapport aux problèmes de la commercialisation agricole, en collaboration avec les représentants des producteurs canadiens, afin de dépister clairement le dumping et d'y remédier promptement.



*Periodic Depressed Prices*

14. The White Paper is proposing new sub-sections (1a), (1b) and (1c) of section 7 of the Customs Tariff to replace sub-section (7) of section 40A of the Customs Act. While in general the new sections provide a similar possibility of action, and for similar reasons, to that contained in 40A(7) there are some differences that are worth briefly reviewing. In the first place 40(7)(b) gave explicit recognition to the problem of seasonality and overlap of marketing periods in the production of fresh fruits and vegetables. This concept involved the need for determination by the Minister of a normal price, and if import prices were below normal provided a formula basis for calculating a value for duty. No determination of injury or threat of injury was required. These provisions now disappear. Under (c) of 40(7) the more general provision, the value for duty could be imposed by Order-in-Council upon a determination by the Minister that goods were being imported under such conditions as prejudicially or injuriously to effect the interests of Canadian producers. The new section drops the concept of "prejudicial" effect, and provides that the injury caused or threatened must be "serious". The Minister concerned now becomes the Minister of Finance rather than the Minister of National Revenue. An Order-in-Council is required in all cases whereas previously it was not required under section 40A(7)(b). In addition, any order under this section ceases to have force or effect after 180 days unless the order is approved by Parliament.

15. It is not our intention to take very much issue with the wording of this section, except on a few specific points. We assume that the elimination of specific reference to fruit and vegetable problems does not reflect any change of attitude or policy, but merely a feeling that necessary action can be taken effectively and flexibly within the terms of the new section.

16. First of all, we take exception to the use of the word "serious" in this section. We recognize that the word is used in section XIX of the GATT. But to use it in an agreement based on the use of consultative procedures rather than legal interpretation, is quite a different matter than its inclusion in the Act, where it poses a need for more precise definition, and creates a danger of undue inflexibility in the administration of the section. We suggest deletion of the word "serious". As the Assistant Deputy Minister of

*Fléchissements périodiques des prix*

14. Le Livre blanc propose de nouveaux paragraphes (1a), (1b) et (1c) à l'article 7 du Tarif des douanes pour remplacer le paragraphe (7) de l'article 40A de la loi sur les douanes. Si, en général, les nouveaux articles offrent une semblable possibilité d'action, et pour des motifs semblables à ceux de l'article 40A (7), nous notons certaines différences qui valent d'être examinées brièvement. Tout d'abord, l'article 40 (7b) reconnaissait explicitement le problème de la saison et du chevauchement des périodes de mise en marché des fruits et des légumes frais. Ce concept imposait au Ministre l'obligation de déterminer un prix normal, et, si les prix à l'importation étaient inférieurs à la normale, fournissait la base d'une formule de calcul de la valeur imposable. Il n'était pas nécessaire de déterminer s'il y avait préjudice ou menace de préjudice. Ces dispositions disparaissent. Aux termes de c) de l'article 40(7), la disposition plus générale, la valeur imposable pouvait être fixée par le gouverneur en Conseil sur un rapport du ministre établissant que des marchandises étaient importées dans des conditions de nature à porter préjudice ou atteinte aux intérêts des producteurs canadiens. Le nouvel article laisse tomber le concept «préjudiciable» et prévoit que le préjudice causé ou la menace de préjudice doit être «grave». Le ministre répondant est le ministre des Finances au lieu du ministre du Revenu national. Il faut un décret du gouverneur en Conseil dans tous les cas, tandis qu'auparavant il n'en fallait pas aux termes de l'article 40A(7b). En outre, tout décret aux termes de cet article perd tout effet après 180 jours à moins qu'il ne soit approuvé par le Parlement.

15. Nous n'avons pas l'intention de nous en prendre beaucoup au libellé de cet article, sauf sur quelques points précis. Nous supposons que l'élimination de la mention précise des problèmes relatifs aux fruits et légumes ne reflète aucun changement d'attitude ou de politique, mais tout simplement le sentiment que toute action nécessaire peut s'interposer de façon efficace et souple aux termes du nouvel article.

16. Tout d'abord nous nous opposons à l'emploi du terme «grave» dans cet article. Nous reconnaissons qu'il se trouve à l'article XIX du GATT. Mais s'en servir dans un accord fondé sur le recours à la consultation plutôt que sur l'interprétation d'une loi, c'est une tout autre chose que de l'employer dans une loi, où il appelle une définition plus précise et crée un danger de rigidité excessive dans l'application de l'article. Nous croyons que le mot «grave» devrait disparaître. Comme le sous-ministre adjoint des Finances

Finance said to this Committee on October 24, "the obligation that Canada has assumed relates to what we do and not the words in our legislation, but the result of those words".

17. With respect to the 180 day provision, it does seem that under some circumstances, if Parliament were not meeting there might be a difficulty in maintaining a necessary continuity of policy. Also, the exigencies of parliamentary business might in some circumstances significantly delay the obtaining of parliamentary approval. It is the assurance of continuity of policy that concerns us here, not imagined dangers of parliamentary scrutiny. If no problem exists in this regard, we have no objection to the provision.

18. The new 7(1A) of the Customs Tariff requires that importations causing or threatening serious injury actually take place before action under it can be taken. Our reaction to this provision is that in light of the problems of massive imports of agricultural products which can quickly injure the position of the Canadian producer with effects extending for a considerable period into the future, it would be better to permit action to be taken upon the threat of imports, and not only upon the actual occurrence of imports. We are informed by the Minister of Finance that to make such a provision would be in violation of Canada's obligations under article XIX of the GATT Agreement. Article XIX is the section which provides for emergency action on imports of particular products for the protection of domestic industry, the same section from which the word "serious" comes. It is true that article XIX does provide for action by a country in the event of an increase in imports that threatens or causes serious injury. In other words the imports must be taking place. We would like to point out however that under this new section of the Customs Tariff it is in any case at the discretion of the government whether or not it takes action. It is not automatically a violation of the GATT to provide in our legislation for action to be taken in anticipation of injurious importations when market conditions clearly indicate that such importations are likely to take place. It is completely within the spirit of the GATT that if an understanding can be reached with principle supplying countries affected as to the legitimacy and desirability of taking action in anticipation of disruptive commodity movements, then the problem of violation of our international obligations would be met. To draft our legislation in such a way as to limit the possibility of effective action to meet problems of agricultural trade movements, even in the event that a satisfactory accommodation of interests

le déclarait devant ce comité le 24 octobre, «l'obligation du Canada se rapporte à ce que nous faisons et non à la lettre de nos lois, mais aux résultats qui en découlent».

17. Quant à la disposition des 180 jours, il semble que, dans certaines circonstances, si le Parlement n'était pas en session, il pourrait être difficile de maintenir la constance nécessaire de la politique. D'ailleurs, les exigences des affaires parlementaires pourraient aussi, dans certaines circonstances, retarder passablement l'obtention de l'approbation parlementaire. Ce qui nous arrête ici, c'est le souci de constance de la politique et non des dangers imaginaires d'examen parlementaire. S'il n'existe pas de difficulté sous ce rapport, nous ne voyons pas d'objection à cette disposition.

18. Le nouveau paragraphe 7 (1a) du Tarif des douanes exige que des importations causant ou menaçant de causer un préjudice grave aient effectivement lieu avant qu'on puisse intervenir aux termes de l'article. Devant cette disposition, nous nous disons qu'étant donné les problèmes que posent les importations massives de produits agricoles qui peuvent rapidement porter atteinte à la position du producteur canadien, avec des effets se prolongeant longtemps dans l'avenir, il vaudrait mieux permettre une intervention dès qu'il y a menace d'importation et non seulement lorsque les importations ont effectivement eu lieu. Le ministre des Finances nous dit qu'une telle disposition contreviendrait aux obligations du Canada aux termes de l'article XIX du GATT. L'article XIX est précisément celui qui prévoit les mesures d'urgence relativement aux importations de produits particuliers, lorsqu'il s'agit de protéger une production nationale, celui-là même d'où provient le terme «grave». C'est un fait que l'article XIX permet à un pays d'intervenir advenant une augmentation des importations qui menace de causer ou cause un préjudice grave. En d'autres termes, il faut qu'il y ait déjà des importations qui se fassent. Nous tenons cependant à souligner qu'aux termes de ce nouvel article du Tarif des douanes c'est, de toute manière, à la discrétion du gouvernement qu'il y a ou non intervention. Ce n'est pas automatiquement contrevirer au GATT que de prévoir, dans notre loi, une action qui interviendrait en prévision d'importations dommageables, lorsque les conditions du marché indiquent clairement que de telles importations se produiront vraisemblablement. Il est tout à fait conforme à l'esprit du GATT de s'entendre, si on le peut, avec les principaux pays fournisseurs intéressés à la légitimité et à l'opportunité d'une intervention en prévision de mouvements de denrées qui auraient un effet de désorganisation. La question de violation de nos obliga-



between interested contracting parties to the GATT could be reached by consultation, would seem to use to be very unwise.

19. A further point about this section has to do with the wording in 7(1a) providing for the setting of a rate of surtax. We do not know what the legal interpretation of a "rate" is, but we do know that if this section is to be used effectively in the agricultural field, as we understand is the definite intent, it must be possible to define the rate of surtax in such a way that the actual amount of surtax imposed may vary from day to day with changes in the import price of the product. This is especially important since it is the intent of this section that the rate shall be established at an amount sufficient to prevent further injury or threat of injury, but presumably not more. The amount necessary to prevent injury one day may, with a further decline in the price of the product, be insufficient the next day. We are not saying there is a problem here, but we would like the Committee to assure itself there is no danger that subsequent interpretation of this terminology might interfere with the proper utilization of the section.

20. The vital factor in the implementation of 7(1a) is that of speed and timeliness. It is absolutely essential that when the danger appears action shall be taken quickly. It would be very much appreciated if the Committee could see its way clear to noting, in its report, the importance of effective and prompt administration. To succeed in this involves adopting a willing policy of close consultation with producer groups, and the reaching as far as possible of advance agreement and understanding as to the criteria which shall guide action. It also involves continuing and effective consultation with foreign countries potentially affected, so that Canadian attitudes and policies may be understood, and the maximum possible agreement reached on acceptable means of action. This question of administration cannot be overstressed.

#### *Orderly Marketing Plans*

21. It is our understanding that the declared policy of all parties of the House is to favour the development of national marketing boards or agencies, in co-operation with the provinces, to provide for the orderly

tions internationales serait dès lors résolue. Mais rédiger notre loi de façon à limiter toute possibilité d'intervention efficace pour contrer des difficultés du commerce agricole, même dans le cas où il serait possible d'en arriver par consultation à un compromis satisfaisant avec les parties contractantes intéressées du GATT, nous semble très peu sage.

19. Une autre chose que nous tenons à souligner à propos du paragraphe 7 (1a); c'est le texte par lequel on établit un taux de surtaxe. Nous ignorons l'interprétation juridique du terme «taux»; ce que nous savons c'est que, si cet article doit être appliqué de façon efficace dans le domaine agricole, ce que nous croyons être nettement l'intention du législateur, il doit être possible de définir le taux de surtaxe de telle façon que le montant véritable de la surtaxe imposée puisse varier de jour en jour suivant les fluctuations des prix d'importation du produit. C'est tout particulièrement important puisque, dans l'esprit même de cet article, le taux doit produire un montant assez élevé pour prévenir tout autre préjudice ou menace de préjudice, sans toutefois le dépasser. Or, le montant nécessaire pour prévenir tout préjudice un jour peut, par suite d'une baisse du prix du produit, devenir insuffisant le jour suivant. Nous ne prétendons pas qu'il y ait là un problème, mais nous aimerions que le Comité s'assure que nous ne risquons pas qu'une interprétation subséquente de ce texte nuise un jour à une utilisation appropriée de cet article.

20. Les éléments vitaux de l'application du paragraphe 7 (1a) sont la rapidité et l'opportunité. Il est absolument indispensable d'intervenir rapidement dès qu'un danger se présente. Nous en saurions infiniment gré au Comité s'il pouvait noter dans son rapport l'importance d'une application prompte et efficace. Pour arriver à ce résultat, il faudra adopter de plein gré une politique d'étroite consultation des groupes de producteurs et, autant que possible, s'entendre d'avance sur les critères qui régleront toute intervention. Il faudra aussi une consultation continue et efficace des pays susceptibles d'être mis en cause, afin qu'ils comprennent les attitudes et les politiques du Canada et que nous nous entendions le plus possible sur des moyens d'action acceptables. Nous ne saurions trop insister sur cette question d'application.

#### *Projets de mise en marché ordonnée*

21. Il semble que tous les partis de la Chambre ont pour politique déclarée de favoriser la mise en place d'offices ou organismes nationaux de mise en marché, en collaboration avec les provinces, en vue d'assurer une

marketing of products plagued by low and unstable prices and an inability otherwise to effectively manage the supply of the product in relation to demand. The pressure for the development of effective supply management programs is at present especially strong in the product areas of eggs and poultry. It is abundantly clear that to set up an effective supply management program will almost certainly involve some reasonable arrangements for protecting that program from influx of product from other countries at prices and in quantities that disrupt and destroy the efforts of producers to put their industry on an orderly basis.

22. The question of the development of orderly marketing programs by producers operating under special legislation, or by government agencies also operating under special legislation, may not be directly relevant to the legislation before this Committee, but should be understood as part of the picture nevertheless. Presumably, whatever legislative provision is made for the carrying out of orderly marketing programs will also contain the authority in the field of international trade necessary to provide effective support of domestic programs. The need to take into account the provisions of the GATT and to enter into satisfactory consultations with other countries would of course remain in these circumstances, but the authority to take action would be provided by legislation of the agencies of government or of the marketing boards which were established. We raise the question here only to point out that it is part of the whole picture of necessary agricultural protection, and effective action in this direction can put matters on a more orderly basis and reduce the necessity for periodic recourse to the new section 7(1a) of the Tariff Act.

23. A current case in point is the strong desire of Canadian egg producers, affirmed at a CFA national conference last June, that a Canadian Egg Commission be set up through which a national program of supply management, utilizing production quotas, could be established. The government now has this question under active study with the provinces and we are looking forward to early action.

mise en marché ordonnée des produits en butte à des prix faibles et instables, pendant que, d'autre part, il est impossible d'agir autrement avec efficacité sur l'approvisionnement par rapport à la demande. La pression en faveur de l'établissement de programmes efficaces de gestion de l'approvisionnement est tout particulièrement forte, à l'heure actuelle, pour les œufs et la volaille. Il est amplement démontré que, pour établir un programme efficace de gestion de l'approvisionnement, il faudra presque certainement prendre des mesures raisonnables pour protéger ce programme contre les arrivages de produits d'autres pays, à des prix et dans des quantités venant annuler ou contrecarrer les efforts déployés par les producteurs pour mettre de l'ordre dans leur industrie.

22. La question de l'établissement d'un programme de commercialisation ordonnée, par des producteurs relevant d'une législation spéciale ou par des organismes d'État également assujettis à des lois spéciales, ne se rattache peut-être pas directement à la loi dont le Comité est saisi, mais il faut néanmoins l'englober dans l'examen de la situation générale. Il va de soi, semble-t-il, que quelle que soit la disposition législative que vous adopterez pour mettre en œuvre des programmes de commercialisation ordonnée, vous devrez en même temps prévoir, dans le domaine du commerce international, suffisamment d'autorité pour appuyer efficacement les programmes intérieurs. La nécessité de tenir compte des dispositions du GATT et d'avoir des consultations satisfaisantes avec d'autres pays subsisterait, évidemment, dans de telles conditions, mais le pouvoir d'intervenir serait prévu dans une loi régissant les organismes d'État ou les offices de mise en marché qui y seraient créés. Nous ne soulevons ici cette question que pour faire remarquer qu'elle fait partie de cette nécessité générale de protéger l'agriculture et qu'une action efficace sous ce rapport peut procurer une organisation plus ordonnée et réduire la nécessité de recourir périodiquement au nouveau paragraphe 7 (1a) de la loi sur les douanes.

23. Une question qui se pose de façon immédiate est celle du désir très net des producteurs d'œufs du Canada exprimé au cours d'une conférence nationale de la Fédération canadienne de l'agriculture au mois de juin dernier, en faveur de l'institution d'une Commission canadienne des œufs qui permettrait d'établir un programme national de gestion de l'approvisionnement en recourant au contingentement de la production. Le gouvernement est à étudier cette question avec les provinces et nous espérons qu'il sera possible d'obtenir des résultats sous peu.



24. We append, for your information copies of two resolutions, adopted in 1966 and 1967 by the North American Committee of the International Federation of Agricultural Producers (national farm organizations of Mexico, U.S. and Canada) dealing with this particular aspect of the problem and supporting the position taken in this submission.

#### *Price & Income Supporting Policies*

25. Similarly, the need for some kind of protective authority to back up domestic price and income support policies is part of this picture. Such authority is available in our legislation through the Export and Import Permits Act.

#### *Summary*

(a) This submission deals with periodic needs for protection that arise out of the chronic problems of price and market instability, and surplus production, at home and abroad, that plague agricultural producers.

(b) It is not the basic drive of this submission to make a general case for a stifling of agricultural trade.

(c) It is recognized at the outset that solutions to the problems of protection from disruptive import movements at low prices must, to be entirely satisfactory, involve successful consultation and agreement with other countries affected. International commodity agreements are the most formal, but by no means the only possible, expression of the results of such consultation.

(d) The need for protective action arises in the following circumstances:

(i) When there is dumping of farm products on Canadian markets.

(ii) When cyclical or seasonal declines in prices of imports depress Canadian prices, and products coming in at those prices invade Canadian markets unreasonably.

(iii) Where organized efforts by producers to manage the supply of their product, through marketing boards or by other means, are jeopardized by imports.

(iv) When action by government to support the price of agricultural products must be backed up by corresponding action to prevent the disruption of such programs by importations.

24. Nous annexons, pour votre gouvernement, deux résolutions adoptées en 1966 et 1967 par le Comité nord-américain de la Fédération internationale des producteurs agricoles (organisations nationales d'agriculture du Mexique, des États-Unis et du Canada). Toutes deux ont trait à cet aspect particulier de la question et confirment la position que nous prenons dans ce mémoire.

#### *Politiques de soutien des prix et des revenus*

25. La nécessité d'établir une autorité protectrice quelconque pour appuyer les politiques intérieures de soutien des prix et des revenus fait également partie de cette même question générale. Le pouvoir existe déjà dans notre loi sur les permis d'exportation et d'importation.

#### *SOMMAIRE*

a) Le présent mémoire traite des besoins périodiques de protection suscités par les problèmes chroniques d'instabilité des prix et des marchés et la production d'excédents au Canada et à l'étranger, qui harcèlent les producteurs agricoles.

b) Ce mémoire n'a pas pour première intention de présenter un plaidoyer général contre l'étouffement du commerce agricole.

c) Nous reconnaissons au départ que les solutions aux problèmes de protection contre les mouvements disloquants d'importations à prix faibles doivent, pour être entièrement satisfaisantes, comporter une consultation et entente effective avec d'autres pays affectés. Les accords internationaux relatifs aux denrées sont les plus formels mais aucunement les seules expressions possibles des résultats d'une telle consultation.

d) Le besoin d'une intervention protectrice se présente dans les conditions suivantes:

(i) Lorsqu'il y a dumping de produits agricoles sur les marchés canadiens.

(ii) Lorsque les baisses cycliques ou saisonnières des prix des importations dépriment les prix canadiens et que des produits qui entrent à de tels prix envahissent les marchés canadiens de façon déraisonnable.

(iii) Lorsque les efforts organisés de la part des producteurs, pour gérer l'approvisionnement de leurs produits au moyen de commissions de mise en marché ou autrement, sont contrecarrés par des importations.

(iv) Lorsque l'action du gouvernement pour maintenir les prix des produits agricoles doit être appuyée par une action correspondante destinée à empêcher que les importations ne viennent annuler cette action.

(e) The rules for the determination of dumping in the Draft Canadian Anti-Dumping Act unnecessarily restrict the opportunity, in the agricultural context at least, for a reasonable but sufficiently flexible approach to the determination of dumping. Amendment of the Draft Act to provide for recourse to a cost of production basis of determination when the particular market situation does not permit a proper price comparison by usual means should be provided.

(f) The proposed new sub-section (1a), (1b) and (1c) of section 7 of the Customs Tariff should:

(i) Be amended to delete the word "serious" in the requirement that injury or threat of injury be found.

(ii) Be scrutinized to ensure that the requirement for parliamentary approval after 180 days is not so designed or administered as to endanger continuity of policy.

(iii) Be amended to provide for action to be taken upon threat of importation and not only following importation.

(iv) Be scrutinized to ensure the interpretation of "rate" of surtax permits flexible adjustment of the tax to changing prices under the terms of an Order-in-Council establishing a tax.

(g) The vital factor in the implementation of 7(1a) is that of speed and timeliness. It is absolutely vital that when the danger appears action shall be taken quickly. It would be very much appreciated if the Committee could see its way clear to noting, in its report, the importance of effective and prompt administration.

(h) It is clear that to set up an effective supply management program will almost certainly involve some reasonable arrangements for protecting that program from influx of product from other countries at prices and in quantities that disrupt and destroy the efforts of producers to put their industry on an orderly basis.

(i) The need for some kind of protective authority to back up domestic price and income support policies is part of this picture. Such authority is available in our legislation through the Export and Import Permits Act.

e) Les règles prévues pour la détermination du dumping dans le projet de loi canadienne antidumping restreignent sans nécessité la possibilité d'user, au moins dans le domaine de l'agriculture, d'une méthode raisonnable mais suffisamment souple de détermination du dumping. Il faudrait amender le projet de loi de manière à prévoir le recours à une détermination fondée sur le coût de production, lorsque la situation particulière du marché ne permet pas une véritable comparaison des prix par les moyens ordinaires.

f) Les nouveaux paragraphes (1a) (1b) et (1c) de l'article 7 du Tarif des douanes devraient:

(i) Être amendés pour en supprimer le terme «grave» dans l'exigence selon laquelle il faut constater le préjudice ou la menace de préjudice.

(ii) Être examinés afin de s'assurer que l'exigence de l'approbation parlementaire dans les 180 jours n'est pas conçue ou appliquée de façon à compromettre la cohérence de la politique.

(iii) Être amendés de manière à prévoir une possibilité d'intervention dès qu'il y a une menace d'importation et non seulement à la suite d'importations.

(iv) Être examinés afin d'assurer que l'interprétation du terme «taux» de la surtaxe permettra un rajustement souple de la taxe en fonction de la variation des prix, aux termes d'un décret du gouverneur en conseil établissant une taxe.

g) Le facteur capital dans l'application du paragraphe 7 (1a) est celui de la rapidité et de l'opportunité. Il est absolument indispensable que, dès que le danger se dessine, il y ait une intervention rapide. Nous en saurions infiniment gré au Comité s'il pouvait noter dans son rapport l'importance d'une application prompte et efficace.

h) Il est clair que l'établissement d'un programme efficace de gestion de l'approvisionnement comportera presque certainement la mise en place d'un mécanisme raisonnable de protection de ce programme contre les arrivages de produits d'autres pays à des prix et en quantités venant faire obstacle et bloquer les efforts déployés par les producteurs pour mettre de l'ordre dans leur industrie.

i) Le besoin d'une autorité protectrice quelconque pour appuyer les politiques intérieures de soutien des prix et des revenus fait partie de la situation d'ensemble. Nous disposons déjà d'une telle autorité aux termes de notre loi sur les permis d'exportation et d'importation.

Respectfully Submitted

The Canadian Federation of Agriculture

Respectueusement soumis,

La Fédération canadienne de l'agriculture



## ANNEX I

STATEMENT BY THE NORTH  
AMERICAN MEMBERS OF IFAP

Mexico City—2nd March 1966

At the proposal of the Canadian Delegation the North American members of IFAP adopted the following statement:

1. Agreement on the desirability of reducing price instability and uncertainty in exports, and abnormal or disorderly export movements, while at the same time retaining the opportunity for reasonable access at fair prices.

2. Agreement that a desirable means of achieving these objectives is through international commodity agreements.

3. Agreement to adopt as a first specific objective that the North American member organizations of IFAP work toward the early negotiation of commodity agreements in turkeys and strawberries, such agreements to have the following characteristics:

(a) to be intergovernmental, because success in achieving the objectives desired on a basis of non-governmental agreement among producers and the trade is considered unlikely, in these commodities at least.

(b) to be negotiated between the major countries concerned in the trade, which in the case of turkeys and strawberries can mean the United States, Canada, and Mexico.

(c) to have the objectives of ensuring that trade in these commodities between Canada, the United States, and Mexico, in any direction, shall not:

(i) take place at prices less than a stated minimum level, which shall represent a fair average level of return, or

(ii) take place in quantities in excess of stated amounts which shall represent a reasonable, orderly access to markets.

(d) to apply to the commodities concerned in their fresh, frozen, or processed forms, as required to achieve the objectives of the agreements.

(e) to utilize appropriate means of implementing the objectives of the agreement, such as levying duties on imports which are priced under minimum levels, in an amount necessary to bring their import price up to that level.

## ANNEXE I

DÉCLARATION DES MEMBRES NORD-  
AMÉRICAINS DE LA FIPA,

MEXICO, le 2 mars 1966

Sur proposition de la délégation canadienne, les membres nord-américains de la FIPA adoptent la déclaration suivante:

1. Accord sur l'opportunité de réduire l'instabilité et l'incertitude des prix à l'exportation ainsi que les mouvements anormaux ou désordonnés des exportations, tout en sauvegardant la possibilité d'un accès raisonnable à des prix justes.

2. Reconnaissance des accords internationaux relatifs aux denrées comme moyen souhaitable d'atteindre ces objectifs.

3. Accord pour adopter comme premier objectif précis que les organisations nord-américaines membres de la FIPA travaillent à négocier au plus tôt des ententes relatives aux dindons et aux fraises, ces ententes devant présenter les caractéristiques suivantes:

a) être intergouvernementales, étant donné qu'il semblerait peu pratique d'espérer atteindre les objectifs souhaités sur la base d'ententes non-gouvernementales entre producteurs et commerçants, tout au moins pour ces produits.

b) être négociées entre les principaux pays intéressés à ce commerce qui, dans le cas des dindons et des fraises, seraient les États-Unis, le Canada et le Mexique.

c) avoir pour objectifs d'assurer que l'échange de ces denrées entre le Canada, les États-Unis et le Mexique, dans une direction comme dans l'autre, ne devront pas:

(i) s'effectuer à des prix inférieurs à un niveau minimum déclaré et représentant un juste niveau moyen de revenu, ou

(ii) s'effectuer dans des quantités excédant des volumes prévus qui devront représenter un accès raisonnable et ordonné aux débouchés.

d) s'appliquer aux denres visées à l'état congelé, gelé ou transformé, selon qu'il est nécessaire pour atteindre les objectifs des accords.

e) recourir à des moyens appropriés de mise en œuvre des objectifs de l'accord, tels que le prélèvement de droits sur les importations dont le prix est inférieur aux niveaux minimums, d'un montant nécessaire pour en ramener le prix à l'importation à ce niveau.

On procedure the following was also accepted:

(1) That member organizations of IFAP in each country undertake to consult with their respective governments by means appropriate to each country, during the next few months, and attempt to obtain their support regarding the desirability of such agreements, or at least their acceptance of the possibility that such agreements would be constructive and useful.

(2) That given a reasonable degree of governmental approval of, or willingness to consider, agreements on turkeys and strawberries, that the member organizations of IFAP in North America jointly sponsor a Conference or Conferences of producer, processor, and trade representatives from each country. The purpose of the Conferences would be to work out and agree on detailed proposals for agreements. They would be held as soon as possible. It is suggested that governmental representatives be invited to attend these meetings, so that they may be informed, and contribute expert information on legal and legislative requirements and possibilities.

(3) That IFAP, working with members organizations as appropriate, serve as Secretariat to these conferences.

## ANNEX II

### *Statement by the North American Members of IFAP*

Montreal, Canada—2nd June 1967

This North American meeting of IFAP member organizations has reviewed, and reaffirms its position as taken in its 1966 agreement, regarding the desirability of regional commodity arrangements concerning trade in certain commodities between Canada, the United States, and Mexico.

Although in 1966 there was little willingness shown by governments to engage actively in discussions aimed at such agreements, particularly while the Kennedy Round was still in negotiation, North American IFAP members believe that the conclusion of the GATT negotiations now makes it appropriate to take renewed initiatives on discussions with their respective governments.

The meeting recognizes that modern conditions of production and marketing are leading to increasing pressure on the part of producers for a higher degree of market organization for many commodities, aimed at reducing

Les méthodes suivantes sont également acceptées:

(1) Que les organisations membres de la FIPA dans chaque pays s'engagent à consulter leur gouvernement, par des moyens convenant à chaque pays, au cours des prochains mois, et tâchent d'obtenir leur appui quant à l'opportunité de tels accords ou du moins leur acceptation de la possibilité que de tels accords seraient positifs et utiles.

(2) Que, moyennant un degré raisonnable d'approbation officielle des accords ou la volonté d'examiner les accords relatifs aux dindons et aux fraises, les membres nord-américains de la FIPA parrainent conjointement une conférence ou des conférences de représentants des producteurs, des transformateurs et des commerçants de chaque pays. L'objet de ces conférences serait d'élaborer et d'accepter des propositions sur les détails de ces accords. Ces rencontres auraient lieu le plus tôt possible. Il est proposé que les représentants des gouvernements soient invités à ces réunions pour y apporter des données spécialisées sur les exigences et les possibilités légales et législatives.

(3) Que la FIPA, travaillant de concert avec les organisations membres selon les besoins, servent de secrétariat à ces conférences.

## ANNEXE II

### DECLARATION DES MEMBRES NORD-AMÉRICAINS DE LA FIPA

Montréal, Canada—Le 2 juin 1967

Cette assemblée nord-américaine des organisations membres de la FIPA a revu sa position de 1966 et le réaffirme en ce qui concerne l'opportunité d'accords régionaux relatifs aux denrées, pour ce qui a trait aux échanges de certaines denrées entre le Canada, les États-Unis et le Mexique.

Même si, en 1966, les gouvernements paraissaient peu enclins à s'engager activement dans des discussions ayant pour objet de tels accords, tout particulièrement pendant que les négociations du Kennedy Round étaient en cours, les membres nord-américains de la FIPA croient que la conclusion des négociations du GATT rend maintenant appropriées de nouvelles initiatives sur les discussions avec leur gouvernement respectif.

L'assemblée reconnaît que les conditions modernes de production et de mise en marché aboutissent à des pressions de plus en plus marquées de la part des producteurs pour obtenir une organisation plus poussée



price and supply instability to farmers of like commodities, in both exporting and importing countries. As progress is made toward a higher degree of market organization and regulation, the corresponding need for orderly international agreements designed to prevent undue disruption of prices and markets by imports will grow.

The North American IFAP members believe that the sooner understandings are reached on the nature of these commodity problems, and the sooner meaningful negotiation is undertaken, the greater will be opportunities for constructive international solutions, valuable to all parties.

des marchés d'un grand nombre de denrées, ladite organisation ayant pour but de restreindre l'instabilité des prix et de l'approvisionnement à l'avantage des producteurs de produits similaires, tant dans les pays exportateurs que dans les pays importateurs. Au fur et à mesure que des progrès seront réalisés vers une organisation et une réglementation plus serrées des marchés, le besoin correspondant d'accords internationaux ordonnés et destinés à prévenir une dislocation induite des prix et des marchés par les importations s'accroîtra.

Les membres nord-américains de la FIPA croient que le plus tôt on en arrivera à des ententes sur la nature de ces problèmes que suscitent les denrées et le plus tôt on s'engagera dans des négociations significatives, plus on ouvrira de possibilités à des solutions internationales positives qui serviront la cause de toutes les parties.

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MINUTES OF PROCEEDINGS  
AND EVIDENCE

This official bilingual edition contains the speeches as delivered in the English or French language in the left-hand column of each page of Evidence. The right-hand column of each page of Evidence utilizes the oral translations rendered by Simultaneous Interpreters with minor necessary revisions only. For the Minutes of Proceedings, the English text appears in the left-hand column and the French text or Translation on the right.

The purpose of this format is to make available simultaneously the Minutes of Proceedings and Evidence in both languages.

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PROCÈS-VERBAUX ET  
TÉMOIGNAGES

Cette édition bilingue officielle présente les interventions faites en français ou en anglais dans la colonne de gauche de chaque page. D'autre part, dans la colonne de droite, on utilise la transcription *in extenso* de l'interprétation simultanée à laquelle n'ont été apportées que de légères modifications de style ou de grammaire. Le texte anglais des procès-verbaux apparaît dans la colonne de gauche et le texte français ou la traduction dans la colonne de droite.

Le but de cette formule est d'accélérer la publication simultanée des procès-verbaux et témoignages dans les deux langues.

Cette édition peut être obtenue de l'Imprimeur de la Reine.

*Le Greffier de la Chambre,*

ALISTAIR FRASER,

*Clerk of the House.*



OFFICIAL BILINGUAL ISSUE  
(see panel on back cover)

HOUSE OF COMMONS

First Session

Twenty-eighth Parliament, 1968

STANDING COMMITTEE  
ON

**FINANCE, TRADE  
AND  
ECONOMIC AFFAIRS**

*Chairman:* Mr. Gaston Clermont

MINUTES OF PROCEEDINGS  
AND EVIDENCE

No. 14

TUESDAY, DECEMBER 3, 1968

*Respecting*

White Paper on Anti-dumping

*Witnesses:*

*Representing The Shoe Manufacturers Association of Canada:* Messrs. Jean-Guy Maheu, Executive Vice-President and Eugene M. Henry, Ottawa Representative. *From the Department of National Revenue (Customs and Excise):* Mr. A. R. Hind, Assistant Deputy Minister. *From the Department of Finance:* Mr. C. D. Arthur, International Economic Relations Division.

FASCICULE BILINGUE OFFICIEL  
(voir au verso du fascicule)

CHAMBRE DES COMMUNES

Première session de la

vingt-huitième législature, 1968

COMITÉ PERMANENT  
DES

**FINANCES, DU COMMERCE  
ET DES  
QUESTIONS ÉCONOMIQUES**

*Président:* M. Gaston Clermont

PROCÈS-VERBAUX ET  
TÉMOIGNAGES

N° 14

RÉUNION DU  
MARDI 3 DÉCEMBRE 1968

*Concernant*

Le Livre blanc sur l'antidumping

*Témoins:*

*Représentant l'Association des fabricants de chaussures du Canada:* MM. Jean-Guy Maheu, vice-président exécutif; Eugene M. Henry, représentant de la section d'Ottawa. *Du ministère du Revenu national (Douanes et Accise):* M. A. R. Hind, sous-ministre adjoint. *Du ministère des Finances:* M. C. D. Arthur, division des relations économiques internationales.

ROGER DUHAMEL, F.R.S.C.

Queen's Printer and Controller of Stationery

Imprimeur de la reine et contrôleur de la papeterie

Ottawa, 1968

STANDING COMMITTEE ON  
FINANCE, TRADE  
AND  
ECONOMIC AFFAIRS

*Chairman:* Mr. Gaston Clermont

*Vice-Chairman:* Mr. Alastair Gillespie  
and Messrs.

Blair,  
Burton,  
Comtois,  
Danson,  
Downey,  
Émard,<sup>2</sup>  
Flemming,

Gauthier,  
Gleave,<sup>3</sup>  
Gray,  
Hales,  
Howard (*Okanagan  
Boundary*),

*La secrétaire du comité,*  
Dorothy F. Ballantine,  
*Clerk of the Committee.*

COMITÉ PERMANENT DE LA  
FINANCE, DU COMMERCE  
ET DES  
QUESTIONS ÉCONOMIQUES

*Président:* M. Gaston Clermont

*Vice-président:* M. Alastair Gillespie  
et MM.

Lambert (*Edmonton  
West*),  
Latulippe,  
Portelance,\*  
Ritchie,<sup>1</sup>  
Roberts,  
Trudel—(20)

<sup>1</sup> Replaced Mr. Harkness on November 29, 1968.

<sup>2</sup> Replaced Mr. McBride on November 29, 1968.

<sup>3</sup> Replaced Mr. Saltsman on December 2, 1968.

<sup>1</sup> Remplace M. Harkness, le 29 novembre 1968.

<sup>2</sup> Remplace M. McBride, le 29 novembre 1968.

<sup>3</sup> Remplace M. Saltsman, le 2 décembre 1968.



ORDERS OF REFERENCE

FRIDAY, November 29, 1968

*Ordered*,—That the names of Messrs. Émard and Ritchie be substituted for those of Messrs. McBride and Harkness on the Standing Committee on Finance, Trade and Economic Affairs.

MONDAY, December 2, 1968

*Ordered*,—That the name of Mr. Gleave be substituted for that of Mr. Saltsman on the Standing Committee on Finance, Trade and Economic Affairs.

ATTEST:

*Le Greffier de la Chambre des communes,*  
ALISTAIR FRASER.  
*The Clerk of the House of Commons*

ORDRES DE RENVOI

Le VENDREDI 29 novembre 1968

*Il est ordonné*,—Que les noms de MM. Émard et Ritchie soient substitués à ceux de MM. McBride et Harkness sur la liste des membres du comité permanent des finances, du commerce et des questions économiques.

Le LUNDI 2 décembre 1968

*Il est ordonné*,—Que le nom de M. Gleave soit substitué à celui de M. Saltsman sur la liste des membres du comité permanent des finances, du commerce et des questions économiques.

ATTESTÉ:





## MINUTES OF PROCEEDINGS

TUESDAY, December 3, 1968.  
(23)

The Standing Committee on Finance, Trade and Economic Affairs met at 11:10 a.m., this day, the Chairman, Mr. Clermont, presiding.

*Members present:* Messrs. Blair, Clermont, Danson, Downey, Émard, Flemming, Gauthier, Gillespie, Gray, Hales, Howard (*Okanagan Boundary*), Lambert (*Edmonton West*), Portelance, Ritchie, Trudel—(15).

*Also present:* Messrs. Hymmen and Thomas (*Maisonneuve*).

*In attendance: Representing The Shoe Manufacturers Association of Canada:* Messrs. Jean-Guy Maheu, Executive Vice-President; Eugene M. Henry, Ottawa Representative; R. B. Shlora, Vice-President, H. H. Brown Shoe (Canada) Ltd.; Hubert Levetus, Chairman, Grace Line Footwear Ltd.; Vojtech Skubal, President, Star Slipper Co. Ltd.

*Also in attendance: From the Department of National Revenue (Customs and Excise):* Messrs. A. R. Hind, Assistant Deputy Minister; M. T. Keam, Director, Customs Appraisal Division; H. D. MacDermid, Chief, Valuation Section. *From the Department of Finance:* Messrs. R. Y. Grey, Assistant Deputy Minister; C. D. Arthur, International Economic Relations Division. *From the Department of Industry:* Mr. V. R. St-Louis, Office of Industrial Policy. *From the Department of Trade and Commerce:* Mr. C. J. Kelly, Office of Area Relations.

The Committee resumed consideration of the White Paper on Anti-Dumping.

The Chairman tabled a telegram from the General Manager of the Canadian Electrical Manufacturers Association and on motion of Mr. Emard, seconded by Mr. Trudel,

## PROCÈS-VERBAL

Le MARDI 3 décembre 1968  
(23)

Le Comité permanent des finances, du commerce et des questions économiques se réunit ce matin à 11 h. 10, sous la présidence de M. Clermont.

*Présents:* MM. Blair, Clermont, Danson, Downey, Émard, Flemming, Gauthier, Gillespie, Gray, Hales, Howard (*Okanagan Boundary*), Lambert (*Edmonton-Ouest*), Portelance, Ritchie, Trudel—(15).

*Aussi présents:* MM. Hymmen et Thomas (*Maisonneuve*).

*Et aussi: Représentant l'Association des fabricants de chaussures du Canada:* MM. Jean-Guy Maheu, vice-président exécutif; Eugene M. Henry, représentant de la section d'Ottawa; R. B. Shlora, vice-président, H. H. Brown Shoe (Canada) Ltd.; Hubert Levetus, président, Grace Line Footwear Ltd.; Vojtech Skubal, président, Star Slipper Co. Ltd.

*Et aussi: Du ministère du Revenu national (Douanes et Accise):* MM. A. R. Hind, sous-ministre adjoint; M. T. Keam, directeur de la division de l'appréciation (douanes); H. D. MacDermid, chef de la section de l'évaluation. *Du ministère des Finances:* MM. R. Y. Grey, sous-ministre adjoint; C. D. Arthur, division des relations économiques internationales. *Du ministère de l'Industrie:* M. V. R. St-Louis, bureau de la politique industrielle. *Du ministère du Commerce:* M. C. J. Kelly, bureau des relations régionales.

Le Comité reprend l'examen du Livre Blanc sur l'antidumping.

Le président dépose un télégramme du gérant général de l'Association des fabricants canadiens d'appareils électriques et, sur une proposition de M. Émard, appuyée par M. Trudel,

*Resolved*,—That the telegram from CEMA be included as an appendix to this day's Minutes of Proceedings and Evidence. (See Appendix "MM").

The Chairman tabled a letter dated November 27, 1968 from the President of Canadian Westinghouse Company Ltd., which, on motion of Mr. Howard (*Okanagan Boundary*), seconded by Mr. Gillespie, is included herewith as Appendix "NN".

Representatives of The Shoe Manufacturers Association of Canada were called and introduced. At the request of the Chairman, Mr. Henry made a brief opening statement. (See Appendix OO)

Mr. Maheu answered questions directed to him by the Committee and, in doing so, quoted frequently from tables of figures of exports and imports and manufacture of footwear which, on direction of the Committee are included herewith at Appendix "PP".\*

Messrs. Hind and Arthur also answered questions directed to them from time to time.

The questioning having been concluded, the Chairman thanked the witnesses who then withdrew.

Because the witness, Mr. Grey, will be unavailable to the Committee today, it was agreed to cancel the sittings for this afternoon and evening and to sit tomorrow after Orders of the Day.

Accordingly at 1:15 p.m. the Committee adjourned until Wednesday, December 4, 1968 at 3:30 p.m.

*La secrétaire du Comité,  
Dorothy F. Ballantine  
Clerk of the Committee.*

\*As of 6 December the tables mentioned above had not been received.

*Il est résolu*,—Que le télégramme de l'Association figure en appendice aux procès verbaux et témoignages du jour. (Voir Appendice «MM»).

Le président dépose ensuite une lettre du 27 novembre 1968 provenant du président de la société *Canadian Westinghouse*, lettre qui, sur proposition de M. Howard (*Okanagan Boundary*), appuyée par M. Gillespie, figure à l'appendice «NN».

On présente alors les représentants de l'Association des fabricants de chaussures du Canada et, à la demande du président, M. Henry fait un bref exposé. (Voir Appendix OO).

M. Maheu répond aux questions en servant fréquemment de tableaux et de chiffres sur l'importation et l'exportation et la fabrication de chaussures; le Comité décide de faire figurer ces tableaux et chiffres à l'appendice «PP»\*.

MM. Hind et Arthur ont aussi à répondre à quelques question.

La période de questions terminée, le président remercie les témoins qui se retirent.

Comme M. Grey, l'un des témoins qui devaient paraître aujourd'hui devant le Comité, ne peut venir, on décide d'annuler les séances de l'après-midi et du soir et de siéger demain, une fois épuisé l'ordre du jour.

Par conséquent, à 1 h. 15, de l'après-midi, le Comité s'ajourne jusqu'au mercredi 4 décembre 1968, à 3 h. 30 de l'après-midi.

\*A compter du 6 décembre les tableaux ci-dessus mentionnés n'ont pas été reçus.



[Texte]

## EVIDENCE

(Recorded by Electronic Apparatus)

December 3, 1968

• 1109

**The Chairman:** Gentlemen, before we start with the submission from the Shoe Manufacturers' Association of Canada, our Clerk will give you a copy of the telegram I have received from the Canadian Electrical Manufacturers Association replying to a letter that your Committee received last week from Mr. Rogers of the British High Commission. Do you each have a copy?

• 1110

The fact that last week a motion was passed to have Mr. Rogers' letter printed as an appendix to our proceedings of November 28, I think it would be fair if this telegram were printed as an appendix, as well. I ask for a formal motion to incorporate this in our proceedings.

(See Minutes of Proceedings)

**The Chairman:** I also have received a letter from Mr. Keith G. Dixon of the Canadian Importers Association Inc.

(See Minutes of Proceedings)

**The Chairman:** Did you receive a copy of a letter from the President of Canadian Westinghouse Company Limited, dated November 27, 1968, on Canada's new anti-dumping law and giving more information to the Committee? I received one addressed to me personally, but as Chairman of the Committee I thought perhaps a copy had been mailed to every member. If not, I will ask our Clerk to distribute a copy to each member. I ask for a formal motion to incorporate this letter in our proceedings.

(See Minutes of Proceedings)

**The Chairman:** I now will ask Mr. Henry and the other members of the delegation to come before the Committee.

[Interprétation]

## TÉMOIGNAGES

(Enregistrement électronique)

Le 3 décembre 1968

**Le président:** Messieurs, avant que nous ne passions à l'étude du mémoire présenté par l'Association canadienne des fabricants de chaussures, notre secrétaire va vous donner un exemplaire du télégramme que m'a envoyé l'Association canadienne des fabricants de chaussures, notre secrétaire va vous donner un exemplaire du télégramme que m'a envoyé l'Association canadienne des fabricants d'appareils électriques en réponse à une lettre que nous avons reçue la semaine dernière de M. Rogers, du haut-commissariat de la Grande-Bretagne. En avez-vous tous un exemplaire?

Étant donné que, la semaine dernière, nous avons adopté une proposition visant à faire imprimer la lettre de M. Rogers en appendice au compte-rendu de nos délibérations du 28 novembre, j'estime que nous devrions faire imprimer le télégramme en appendice lui aussi. Je demande une proposition officielle à cet effet.

(Voir les Procès-verbaux)

**Le président:** J'ai aussi reçu une lettre de M. Keith G. Dixon, de l'Association des importateurs canadiens.

(Voir les Procès-verbaux)

**Le président:** Avez-vous reçu un exemplaire de la lettre du président de la *Canadian Westinghouse Company Limited* du 27 novembre 1968 au sujet de la nouvelle loi du Canada sur l'antidumping, où il donnait au Comité des renseignements supplémentaires?

J'en ai reçu une qui m'était adressée personnellement, mais, puisque je suis président du Comité, je pensais que l'on en avait peut-être envoyé un exemplaire à chacun de vous. Sinon, je demanderai à notre secrétaire de vous en distribuer des exemplaires. Je demande une proposition officielle visant à faire annexer cette lettre au compte-rendu de nos délibérations.

(Voir les Procès-verbaux)

**Le président:** Maintenant, je vais demander à M. Henry et aux autres membres de la délégation de bien vouloir prendre place.

[Text]

Today, gentlemen, we have before us representatives of the Shoe Manufacturers' Association of Canada. On my right is Mr. Eugene M. Henry, Ottawa representative. I will ask Mr. Henry to introduce the other representatives of the Association.

I will ask you gentlemen from the Shoe Manufacturers' Association to please speak into the microphone to help our technician. If any members wish to ask a question or reply to a question, please raise your hands. Yes, please remain seated, sir. I understand Mr. Henry has some opening remarks to make to the Committee before we go through their submission.

**Mr. Eugene M. Henry (Ottawa Representative, The Shoe Manufacturers' Association of Canada):** I welcome this opportunity to appear before the Committee today and to introduce the members of the foot-wear industry who have come to Ottawa today to speak to the brief that has already been filed with the Clerk of your Committee and to answer questions that may occur to the various members of the Committee after reading our brief and hearing our supplementary remarks.

With me today is Mr. Ray Shlora, Executive Vice-President of the H. H. Brown Shoe Company of Richmond, Quebec and Montreal; Mr. Victor Skubal of the Star Slipper Company and Valenti Shoe Company of Toronto; Mr. Hubert Levetus, President of Graceline Footwear Montreal; and Mr. Jean-Guy Maheu, Executive Vice-President of the Shoe Manufacturers Association of Canada.

• 1115

We come before you as the spokesmen for an industry that employs 40,000 Canadian citizens in various towns and cities mainly in central Canada. We come before you as the spokesmen of an industry that is sorely beset by an ever-rising flood of imported foot-wear that arrives in this country from Asiatic countries and central European communist countries. Imports from these particular areas are proving a problem to us. They are proving a definite problem in achieving what we have always looked upon as our normal annual growth. That is why we look upon the Committee's review of the White Paper on Anti-dumping as very important because knowledgeable people in our industry do feel that a great amount of the rising flood of imported foot-wear is clearing through customs at what we feel are abnormally low values for duty.

[Interpretation]

Aujourd'hui, messieurs, nous avons parmi nous les représentants de l'Association canadienne des fabricants de chaussures. A ma droite, M. Eugene M. Henry, représentant d'Ottawa. Je vais demander à M. Henry de nous présenter les autres représentants de l'Association.

Je demanderais aux représentants de l'Association des fabricants de chaussures de bien vouloir parler en face du microphone pour aider notre technicien. Si quelqu'un veut poser une question ou répondre à une question, qu'il lève la main. Vous pouvez rester assis, monsieur. Je crois que M. Henry a une déclaration préliminaire à faire au Comité avant que nous ne passions à l'étude du mémoire.

**M. Eugene M. Henry (représentant d'Ottawa de l'Association canadienne des fabricants de chaussures):** Je suis très heureux de cette occasion de comparaître devant le Comité aujourd'hui et de présenter les représentants de l'industrie de la chaussure qui sont venus à Ottawa pour parler du mémoire qui a déjà été déposé au secrétaire du Comité et pour répondre à vos questions que peuvent avoir à poser les membres, après avoir lu notre mémoire et entendu nos autres observations.

Aujourd'hui, je suis accompagné de M. Ray Shlora, vice-président exécutif de la Cie *Brown Shoe*, de Richmond, Québec et Montréal; M. Victor Skubal, de la Cie *Star Slipper* et de la Cie *Valenti Shoe* de Toronto; M. Hubert Levetus, président de la *Graceline Footwear*, de Montréal; M. Jean-Guy Maheu, vice-président de l'Association des fabricants de chaussures du Canada.

Nous venons ici comme porte-parole d'une industrie qui emploie 40 mille Canadiens dans diverses villes situées principalement dans les régions du centre. Nous sommes ici à titre de représentants d'un secteur de l'industrie qui souffre de plus en plus de l'importation de chaussures. Il y a de plus en plus d'importations d'Asie et des pays communistes d'Europe centrale. Cela représente un problème pour nous. C'est un problème réel. Cela nous empêche d'avoir une croissance annuelle normale et c'est pour cela que nous considérons la révision du Comité sur le Livre Blanc de l'antidumping comme étant très important.

Car, les gens compétents, dans notre industrie, reconnaissent que les importations de plus en plus nombreuses de chaussures passent aux douanes et que les droits de douanes sont anormalement bas.



## [Texte]

In that connection we have been in continuing contact with the working officials and senior officers of the Department of National Revenue over a period of some years. As we have outlined in our brief, we do not complain about the quality of the work being done. We stress the fact, however, of the great delay that ensues after we get an expression of willingness to examine a problem and to investigate charges of dumping or allegations as to unfair values for duty.

Mr. Maheu, on my right, will make supplementary remarks with regard to the brief that has already been filed in English, and I am now turning over to the clerk of your Committee 25 copies of the brief in French. Mr. Maheu will be pleased to reply to questions in French, if Committee members would like to put their questions in that language.

Mr. Shlora of the H. H. Brown Shoe Company and Mr. Levetus have been active in resisting the inroads of imported foot-wear. I think Mr. Shlora could provide you with some interesting information with regard to the tactics of state trading corporations in central Europe as they affect the Canadian market for foot-wear.

Mr. Skubal came to Canada from Czechoslovakia about 25 years ago and since then has built up a business in central Toronto on Union Street near Weston. He tells me that he has been able to employ some of the immigrant Czech refugees who have come to Canada since the August incident.

With those opening remarks, Mr. Maheu would welcome your first question.

**The Chairman:** Thank you Mr. Henry.

• 1120

Mr. Maheu voudrait-il faire des remarques générales?

**Mr. Jean-Guy Maheu (Executive Vice-President of the Shoe Manufacturers Association):** I would just like to thank you, Mr. Chairman, and the members. I will try to answer the questions of the members of the Committee concerning our representation which we made on November 21.

**The Chairman:** Thank you, Mr. Maheu. We have with us also Mr. C. D. Arthur from the Department of Finance and Mr. A. R. Hind, Assistant Deputy Minister, of the Department of National Revenue.

Messieurs, je suis prêt à recevoir vos questions ou vos remarques.

## [Interprétation]

A cet égard, nous contactons de façon continue les fonctionnaires du ministère du Revenu national et nous le faisons depuis un bon nombre d'années. Comme nous l'avons dit, dans notre mémoire, nous ne nous plaignons pas de la qualité du travail qui a été fait.

Toutefois, nous insistons sur le fait qu'il y a eu un grand retard après qu'on a eu l'obligance d'examiner cette question et qu'on a accepté de faire enquête sur les allégations de dumping ou sur la valeur trop peu élevée de ces produits.

M. Maheu, à ma droite, fera des observations supplémentaires sur le mémoire qui a été déposé en anglais. Et maintenant, je remets au secrétaire 25 exemplaires du mémoire, en français. M. Maheu répondra avec plaisir à vos questions, en français, si les députés veulent poser des questions dans cette langue.

M. Shlora de la Société H. H. Brown et M. Levetus ont résisté autant qu'ils le peuvent à l'importation des chaussures. Je pense que M. Shlora pourra vous donner des renseignements très intéressants au sujet des tactiques des sociétés d'État d'Europe centrale, dans la mesure où elles influent sur le marché canadien.

M. Skubal est venu de Tchécoslovaquie, il y a 25 ans, et, depuis, il a développé son entreprise à Toronto, rue Union, près de Weston. Il me dit qu'il a pu prendre à son service des réfugiés tchèques qui sont venus au Canada depuis les événements de l'été dernier.

Pour donner suite à ces observations, M. Maheu répondra à vos questions.

**Le président:** Merci, monsieur Henry.

I wonder if Mr. Maheu has some observations to make?

**M. Jean-Guy Maheu (vice-président, Association des fabricants de chaussures):** Monsieur le président, je tiens à vous remercier et j'essaierai de répondre aux questions des députés sur la présentation qui a été faite le 21 novembre dernier.

**Le président:** Nous avons aussi parmi nous M. Arthur, du ministère des Finances et M. Hind, sous-ministre adjoint du ministère du Revenu national.

Gentlemen, we are now ready to answer your questions or to take into account your observations.

[Text]

First, Mr. Arthur, or Mr. Hind, do you have any general comments to make on the brief?

**Mr. C. D. Arthur (International Economic Relations Division, Department of Finance):** Mr. Chairman, I do not have any general comments but as we proceed through the brief there are one or two points on which I would like to comment.

**Mr. A. R. Hind (Assistant Deputy Minister, Department of National Revenue (Customs and Excise)):** Yes, sir. I should like to follow the same procedure if possible.

**Le président:** Monsieur Émard.

**M. Émard:** Monsieur le président, à la première page du mémoire qui nous a été présenté, on dit:

La fabrication canadienne atteindra peut-être 59 millions de paires de chaussures d'ici la fin de l'année, tandis que les importations des pays où la main-d'œuvre est peu coûteuse se chiffreront à 45 millions de paires.

Est-ce que c'est l'importation au Canada qui se chiffrera à 45 millions de paires?

**M. Maheu:** Ce sont les importations des pays étrangers...

**M. Émard:** ...mais au Canada.

**M. Maheu:** ...au Canada, oui.

**M. Émard:** Oui. Combien de paires de chaussure furent importées l'année dernière? Avez-vous ces chiffres-là?

**M. Maheu:** Oui. En 1967, c'était 34 millions de paires.

**Le président:** Monsieur Émard, permettriez-vous à M. Gillespie de poser une question supplémentaire?

**M. Émard:** Certainement.

**Le président:** Monsieur Gillespie.

**Mr. Gillespie:** A supplementary, if I may? Was this from all countries or just from low-wage countries?

**Mr. Maheu:** No, it was from all countries.

**Mr. Gillespie:** Thank you.

**Mr. Hymmen:** I have another supplementary. Is the figure of 45 million from all countries?

**Mr. Maheu:** It is from all countries, yes.

**Le président:** Monsieur Émard.

[Interpretation]

Mr. Arthur ou Hind ont-ils des observations à faire sur le mémoire?

**M. C. D. Arthur (Division des relations économiques internationales, ministère des Finances):** Monsieur le président, je n'ai pas de commentaires, mais au fur et à mesure que nous avancerons, je ferai des commentaires sur une ou deux questions.

**M. A. R. Hind (sous-ministre adjoint, ministère du Revenu national, Douanes et Accise):** Je ferai de même.

**The Chairman:** Mr. Émard.

**Mr. Émard:** Mr. Chairman, in the first page of the brief it says:

Canadian production may reach 59 million pairs of shoes between now and the year end, while imports from low cost labour countries will reach 45 million pairs.

Is it the imports into Canada that will reach 45 million pairs?

**Mr. Maheu:** It is the imports from foreign countries.

**Mr. Émard:** ...but in Canada.

**Mr. Maheu:** ...yes, in Canada.

**Mr. Émard:** How many pairs were imported last year? Do you have those figures?

**Mr. Maheu:** In 1967, it was 34 million pairs.

**The Chairman:** Mr. Émard, Mr. Gillespie would like to ask a supplementary question.

**Mr. Émard:** All right.

**The Chairman:** Mr. Gillespie.

**M. Gillespie:** Est-ce que cela représente tous les pays ou seulement ceux à bas salaires?

**M. Maheu:** Non, tous les pays.

**M. Gillespie:** Merci.

**M. Hymmen:** Une question supplémentaire. Le chiffre de 45 millions représente tous les pays?

**M. Maheu:** Tous, oui.

**The Chairman:** Mr. Émard.



[Texte]

**M. Émard:** Qu'est-ce qui vous laisse croire que l'année prochaine les exportations seront d'environ 57 millions de paires?

**M. Maheu:** La production sera de...

**M. Émard:** Excusez-moi, à 45 millions. Qu'est-ce qui laisse croire que l'année prochaine cela passera de 34 millions à 45 millions?

**M. Maheu:** Au cours des huit premiers mois de l'année la production a été de 32 millions de paires, c'est cela qui nous laisse croire qu'elle sera d'environ 45 millions de paires. C'est en faisant des proportions que nous en sommes venus à la conclusion que ce pourrait être un peu plus élevé, car nous pensons que les importations seront peut-être moins élevées pendant la dernière partie de l'année.

**M. Émard:** Est-ce que l'industrie canadienne de la chaussure exporte dans d'autres pays?

**M. Maheu:** L'industrie canadienne de la chaussure exporte très peu, soit 1.5 ou 1.8 millions de paires, surtout vers les États-Unis, les Antilles britanniques et la Grande-Bretagne.

**M. Émard:** Quel genre de chaussures exportez-vous?

**M. Maheu:** On exporte des patins, certains modèles de chaussures athlétiques, des spécialités indiennes, mocassins, etc., des pantouffles, en Grande-Bretagne et une certaine quantité de souliers pour dames dans les Antilles britanniques.

**M. Émard:** Quel pourcentage la main-d'œuvre représente-t-elle dans le coût d'une paire de souliers d'usage courant. Quant aux souliers plus élégants, c'est différent, mais que pourrait être ce qu'on appelle le *labour content* dans une paire de chaussures. Quelles en sont les variations?

**M. Maheu:** En 1967, c'était d'environ 34 p. 100.

**M. Émard:** 34 p. 100.

**M. Maheu:** C'est cela.

**M. Émard:** Les machines dont vous vous servez, sont-elles aussi modernes que celles dont on se sert, par exemple, en Tchécoslovaquie? Je sais que la production dans ce pays est assez bonne. Vous semblez vous référer toujours au coût très bas de la main-d'œuvre. Mais, l'outillage, ici, au Canada, est-il supérieur ou inférieur à celui des autres pays qui importent ici?

[Interprétation]

**Mr. Émard:** What leads you to believe that next year exports will represent about 57 million pairs?

**Mr. Maheu:** Production will amount to...

**Mr. Émard:** I am sorry, to 45 million. Why do you think it will go from 34 million to 45 million pairs next year?

**Mr. Maheu:** For the first eight months of the year, production was 32 million pairs, and this leads us to believe that it will be about 45 million pairs. It is by making a breakdown that we have reached this conclusion, because we think that during the last months of the year imports are not as high.

**Mr. Émard:** I would like to know if Canadian shoes are exported to other countries.

**Mr. Maheu:** Canadian shoe exports are very low, i.e. 1.5 million to 1.8 million pairs of shoes a year, especially to the United States, the British West Indies and Great Britain.

**Mr. Émard:** What kind of shoes do you export?

**Mr. Maheu:** We export skates, running shoes, certain kinds of Indian shoes, moccasins, slippers to Great Britain and also ladies' shoes to the British West Indies.

**Mr. Émard:** What is the labour content in an ordinary pair of shoes? I know that it is different where more elegant types of shoes are concerned. What is the labour content in a pair of shoes? What are its variations?

**Mr. Maheu:** In 1967, it represented about 34 p. 100.

**Mr. Émard:** 34 per cent?

**Mr. Maheu:** Yes.

**Mr. Émard:** I would like to know if the machinery you use is as modern as that used in Czechoslovakia. I know that their production is of a good quality. You always seem to refer to the fact that labour costs are very low. But I would like to know if our machinery is better or inferior to what they have in those countries which export to Canada?

[Text]

**M. Maheu:** Monsieur Émard, j'ai fait partie d'une mission canadienne en Europe, il y a deux ans. Nous avons visité les usines en Grande-Bretagne, en France, en Italie, en Espagne, et je peux dire que j'ai visité beaucoup d'usines, précédemment, en Suisse et aux États-Unis. Cependant, je n'ai visité aucune usine en Tchécoslovaquie ou au Japon. Mais, je peux dire que notre outillage soutient très bien la comparaison avec celui des pays que nous avons visités.

Au cours des cinq ou sept dernières années, certains pays européens ont considérablement augmenté leur production, notamment, l'Italie et l'Espagne et aujourd'hui, même les petites usines sont aussi bien équipées que les usines canadiennes.

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**M. Émard:** Est-ce que le prix des matières premières, par exemple le cuir, dont vous vous servez pour fabriquer les chaussures, a une grande influence sur votre coût à vous autres?

**M. Maheu:** Oui. Disons qu'actuellement, dans le coût de fabrication, c'était, en 1967, environ 34 p. 100 pour les salaires, et 49 p. 100 pour les matériaux utilisés.

**M. Émard:** Vous m'avez dit 49 p. 100?

**M. Maheu:** C'est cela.

**M. Émard:** 49 p. 100. Est-ce que le prix du cuir, au Canada, est de beaucoup supérieur à celui des autres pays qui fabriquent également des chaussures?

**M. Maheu:** Je ne pourrais pas vous répondre, monsieur Émard. Je ne sais pas s'il y a des manufacturiers qui voudraient faire des commentaires.

**M. Levetus (président, Graceline Footwear, Montréal):** Le prix ne varie pas beaucoup, il est à peu près le même.

**Le président:** M. Émard.

**M. Émard:** A part la main-d'œuvre, y a-t-il autre chose qui influence le prix, c'est-à-dire, qui explique le prix inférieur des chaussures importées au Canada?

**M. Maheu:** Nous faisons beaucoup de comparaisons avec le coût de la main-d'œuvre dans les autres pays, car nous avons les statistiques de l'organisation européenne économique qui peuvent nous le permettre. Mais il est certain que c'est dans la même proportion. Le cuir coûte moins cher dans les pays où la main-d'œuvre est moins chère, il en est ainsi pour les frais généraux d'administration. C'est le coût global de la chaussure qui est plus bas, celui de la main-d'œuvre est utilisé

[Interpretation]

**Mr. Maheu:** Mr. Émard, I was part of a Canadian mission sent to Europe two years ago. We visited factories in Great Britain, France, Italy and Spain. Earlier, I had seen many factories in Switzerland and in the United States, but I did not visit the Japanese or Czech factories. However, I can say that our machinery compares very favorably with that of the countries that I have seen. I know that during the last five or seven years certain European countries have greatly increased their production, especially Italy and Spain, and now their factories are as modern as Canadian factories.

**Mr. Émard:** I would like to know if the price of raw materials, for instance leather which price you use to manufacture shoes, has a great influence on your costs?

**Mr. Maheu:** Yes. In the production costs for 1967, 34 per cent was paid in wages, and 49 per cent for materials used.

**Mr. Émard:** You said 49 per cent?

**Mr. Maheu:** Yes.

**Mr. Émard:** I would like to know if the price of leather in Canada is much more expensive than in other countries which manufacture shoes?

**Mr. Maheu:** I could not answer that question, Mr. Émard. Maybe some manufacturers could answer your question.

**Mr. Levetus (President of Graceline Footwear, Montreal):** The price of leather is almost the same.

**The Chairman:** Mr. Émard.

**Mr. Émard:** Apart from labour, what else can influence prices, i.e. explain the lower price of shoes imported here from foreign countries?

**Mr. Maheu:** We make a lot of comparisons with the cost of labour in other countries, thanks to the European Economic Organization statistics. But proportions are the same. Leather is less expensive where labour is less expensive and administration is less expensive also. It is the overall cost of shoes that is lower in those countries, and the cost of labour is only one example. I am sure that printing paper is less expensive in Spain than here.



[Texte]

comme un exemple. Mais je pense bien que le prix du papier d'impression en Espagne est moins élevé qu'au Canada.

**M. Émard:** Des 54 millions de paires de chaussures que vous allez produire cette année, combien y a-t-il de paires de patins, de chaussures de sport, de mocassins, etc., qui seront fabriqués?

**M. Maheu:** La production des chaussures athlétiques est d'environ 1,200,000 paires, quant aux pantouffles, les mocassins et les pantouffles indiennes, c'est environ 8,500,000 paires.

**M. Émard:** Comment cela se fait-il que vous puissiez vendre encore au moins 50 millions de paires de chaussures ici, au Canada, à l'heure actuelle, si vous dites, que l'importation vous place dans une drôle de situation, que les prix des pays exportateurs sont beaucoup plus bas? Comment pouvez-vous quand même vendre 50 millions de paires de chaussures?

• 1130

**M. Maheu:** Je pense, monsieur Émard, qu'avec l'augmentation rapide des importations, ce qui arrive c'est qu'au sujet de la livraison, de la variété au point de vue style et pointure, les fabricants canadiens offrent un produit qui est plus accepté par les consommateurs.

D'autre part, il existe actuellement que dans le domaine des importations, ce sont surtout des importations massives venant des pays asiatiques, et dans la majorité des cas, il ne s'agit pas de petits acheteurs, mais plutôt de grands magasins à rayons, de chaînes de magasins, de commerçants qui importent en très grandes quantités, la plupart du temps, des modèles de chaussures qui sont des copies exactes de ce qu'on fait au Canada, mais souvent avec des matériaux différents.

On a présenté devant le Comité canadien du commerce et du tarif une chaussure portant même le nom d'une chaussure canadienne. Le magasin à succursales qui la vendait, a cessé immédiatement, parce qu'il n'avait pas le droit d'utiliser le nom, et elle était vendue au prix de \$4.95 au moment où la chaussure «hush puppies» canadienne se vendait à \$10.95. Il n'y avait pas de comparaison entre les deux, mais elles se ressemblaient. La chaussure importée était en toile au lieu d'être en cuir, mais on avait fait une si bonne copie qu'elle pouvait remplacer, disons pour les gagne-petit, la chaussure faite au Canada. La preuve en est que le magasin à succursales avait même appelé cette chaussure-là d'un nom qui est enregistré au Canada et qui s'appelle «hush puppies».

[Interprétation]

**Mr. Émard:** Of those 54 million pairs of shoes that will be produced this year, how many pairs of skates, running shoes, moccasins etc, with there be?

**Mr. Maheu:** Running shoes and skates represent about 1.2 million pairs; slippers, moccasins and Indian style slippers represent about 8.5 million pairs.

**Mr. Émard:** How is that you can still sell at least 50 million pairs of shoes here in Canada if, as you say, imports put you in an awkward situation since the prices of exporting countries are much lower? How are you able to sell 50 million pairs of shoes?

**Mr. Maheu:** With the rapid increase of imports, what happens is that concerning delivery, variety of styles and of sizes, Canadian manufacturers offer a product that is more readily acceptable by Canadians. Furthermore in the field of imports, it is mainly mass imports from Asia, and in most cases it is not small buyers but rather the large department stores and the chain stores and importers, that import this merchandise in very large quantities. And most of the time these shoes are exact copies of what is made here but with different materials.

The Committee on Canadian Trade and Tariffs was shown a shoe bearing the name of a Canadian shoe. The chain store that sold it stopped doing so immediately because it was not entitled to use that name. This shoe was sold at \$4.95 while hush puppies made in Canada were sold at \$10.95. There was no comparison between them, although they resembled each other. The imported shoe was made of linen instead of leather, but the copy was so good that it could replace the Canadian shoe in so far as the low income customer was concerned. The proof is that the chain stores had even called that shoe "hush puppy" which is a registered trade mark in Canada.

[Text]

**M. Émard:** Vous mentionnez aussi l'Italie parmi les pays exportateurs. Je ne connais absolument rien dans la chaussure, mais je sais c'est que si j'achète une paire de souliers italiens, je vais payer aussi cher, sinon plus, que pour des souliers canadiens. Alors, ça ne devrait pas vous faire tellement de tort.

**M. Maheu:** Disons l'équivalent. C'est que la chaussure importée améliore la marge de profits bruts du détaillant. Ceci a été présenté également aux États-Unis, c'est un phénomène. Prenons le soulier espagnol pour dames, qui est vendu dans les magasins de détail à Montréal et à Toronto, à environ \$20 et plus, quoique la valeur, d'après le Bureau fédéral de la statistique, serait en moyenne, dans ce cas-là un peu moins de \$5. C'est vrai qu'il y a le transport, le tarif, la taxe de vente fédérale, mais il y a aussi un profit brut plus intéressant pour le distributeur.

**M. Émard:** J'y reviendrai tout à l'heure.

**Mr. Ritchie:** Mr. Chairman, the brief mentioned the possibility that 59 million pairs of shoes would be manufactured in Canada this year and the possibility that 45 million pairs would be imported. What percentage do these figures represent in terms of money and selling price?

**Mr. Maheu:** You are asking me, I would say, the value of imported foot-wear or Canadian foot-wear?

**Mr. Ritchie:** The value of imported foot-wear as compared to Canadian foot-wear.

**Mr. Maheu:** Canadian foot-wear represents approximately \$200 million.

**Mr. Ritchie:** What would the imported foot-wear sell for on the basis of 45 million?

**Mr. Maheu:** Approximately \$45 to \$47 million.

**Mr. Ritchie:** In other words, although the imports total almost half the shoes, the value is still much less than those produced in Canada?

**Mr. Maheu:** Yes. The value is much less.

**Mr. Ritchie:** Only one-quarter approximately, is that right?

**Mr. Maheu:** Oh yes, I have figures here. In 1967 for 34.5 million pairs the value was \$41 million or \$1.21 per pair. For those made in Canada it was \$4.02 per pair. We broke it down between men's, women's and children's

[Interpretation]

**Mr. Émard:** You also mentioned Italy among the exporting countries. I know nothing about shoes, but one thing I do know is that if I buy a pair of Italian shoes I will pay as much, even more, than for Canadian shoes, so it should not harm you that much.

**Mr. Maheu:** Let's say the equivalent. The imported shoes improve the markup of retailers. This has also been noted in the United States. Let's take the Spanish ladies' shoes sold in Montreal and Toronto retail stores at \$20.00 or more, although according to the DBS, the average price of the shoes coming from Spain is less than \$5.00. Of course, you have to add transportation, taxes, duties, but nevertheless the markup is more interesting for the distributors.

**Mr. Émard:** I shall come back to this later on.

**Mr. Ritchie:** Selon le mémoire, il est possible qu'on fabrique 59 millions de paires de chaussures, au Canada, cette année, et qu'on en importe 45 millions de paires. Quel est le pourcentage que cela représente au point de vue argent et prix de vente?

**M. Maheu:** Vous me demandez la valeur des chaussures importées ou des chaussures canadiennes?

**Mr. Ritchie:** La valeur des chaussures importées, comparativement à la valeur des chaussures canadiennes.

**M. Maheu:** Les chaussures canadiennes représentent environ 200 millions de dollars.

**Mr. Ritchie:** Et les 45 millions de paires de chaussures importées?

**M. Maheu:** Environ 45 à 47 millions de dollars.

**Mr. Ritchie:** Même si la moitié des chaussures sont importées, leur valeur est moindre que la production canadienne.

**M. Maheu:** Oui.

**Mr. Ritchie:** Environ de 25 p. 100, n'est-ce pas?

**M. Maheu:** J'ai des chiffres ici. En 1967, pour 34 millions 500 mille paires de chaussures, la valeur était de 41 millions de dollars, soit \$1.21 la paire. Pour ce qui est de la production canadienne, la valeur était de



## [Texte]

shoes and in each case there was a difference. This also applied to slippers. In men's shoes it was \$4.12; in women's and in girls' it was \$3.32 for those made in Canada. For children's, misses' and babies' it was \$1.58. We do not have any breakdown for slippers, Indian moccasins and so on. There is a great deal of difference between moccasins and other slippers such as those that come in packs, slippers, soft soles and so on. These have a value of less than 65 cents because of the huge amounts, I would say, in which they are imported. You can see these types in all chain stores and they are very inexpensive.

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**Mr. Ritchie:** The prices you quoted were the manufactured price?

**Mr. Maheu:** At the manufacturing level, yes.

**Mr. Ritchie:** How many imports due to style changes and the affluent society, whatever it is called demanding and buying different things merely because they come from Spain or...

**Mr. Maheu:** I would say that as far as the bulk of the imports are concerned, they are coming mostly from, first, Asiatic countries and second, from Eastern Europe and communist countries. In those cases style is not the question. Style is, I would say, a factor concerning shoes coming from Spain and from Italy, but it is not so much the style because in Canada we do not sell exactly the same type of foot-wear that is produced in Spain for Madrid.

We sell according to Canadian specifications and it is the large organizations that ask for a certain style.

As a matter of fact, there is a difference even in our Canadian production between Montreal and Vancouver and Montreal and Toronto, mostly in men's and women's but very little difference in children's foot-wear. So, style is a factor, but I would say that these countries that are shipping to Canada such as Italy, Spain and France are in the very expensive foot-wear, like "Bally of Switzerland", men's shoes selling for \$42.95—and which, I would say, represent a very small fraction of the total.

We are not concerned about this type of import because we think we can actually compete with the United States, England, Western Germany, France and Switzerland is this quality of shoe. However, when you look at the salaries in the European common mar-

## [Interprétation]

\$4.02 la paire. Nous avons des chiffres pour les hommes, les dames et les enfants. Il y a une différence dans chaque cas, qui vaut aussi pour les pantoufles. Les chaussures pour hommes valent \$4.12, les chaussures pour dames et jeunes filles, \$3.32, si elles sont fabriquées au Canada; pour les enfants, les fillettes et les bébés, \$1.58; pour les pantoufles, les mocassins, nous n'avons pas de chiffres détaillés. Il y a beaucoup de différence entre les mocassins et autres genres de pantoufles, à semelle molle, etc. Leur valeur était inférieure à 65 cents, car on les importe en grande quantité. Vous en voyez dans tous les magasins à chaîne, et elles coûtent très peu.

**M. Ritchie:** Ce sont les prix du fabricant que vous venez de citer?

**M. Maheu:** Oui.

**M. Ritchie:** Pourquoi y a-t-il tant d'importations? A cause des nouveaux modèles, de la société d'abondance qui veut acheter des choses nouvelles et différentes tout simplement parce qu'elles viennent d'Europe et d'ailleurs?

**M. Maheu:** Je dirais que pour l'ensemble des importations qui viennent surtout des pays asiatiques, et deuxièmement de l'Europe orientale, ce n'est pas tellement le style qui compte. Ce facteur joue dans le cas des chaussures qui viennent d'Espagne et d'Italie, mais nous ne vendons pas tout à fait au Canada le même genre de chaussures que l'on vend en Espagne, à Madrid.

Nous vendons des chaussures qui répondent aux besoins des Canadiens; ce sont les grandes organisations qui demandent certains modèles. Même, notre production canadienne n'est pas la même à Montréal qu'à Vancouver, ou Toronto, par exemple, tant pour les souliers d'hommes que pour les chaussures de femmes. Il faut tenir compte du style, mais les pays qui exportent au Canada, par exemple l'Italie, l'Espagne, la France, produisent des chaussures très dispendieuses, comme, par exemple, les chaussures Bally, de Suisse, qui se vendent \$42.95. Ces importations représentent une très petite fraction du total, et ne nous préoccupent pas, car nous croyons pouvoir les concurrencer.

Nous pouvons concurrencer les États-Unis, l'Angleterre, l'Allemagne de l'Ouest, la France et la Suisse, mais quand on regarde aux salaires du Marché commun européen, on voit une grande différence dans les salaires payés par l'industrie de la chaussure. Par

[Text]

ket there is a big difference between those and the ones in Italy in the foot-wear industry. In Italy the salary scale is 60 per cent of that paid in Western Germany and in Spain it is lower than that.

Actually the new trend this year is Greece. Greece would like to show at our own Canadian Shoe and Leather Fair. Greece is showing in New York and is showing for the first time this year in Paris at the Paris Leather Show.

**Mr. Ritchie:** You gave some production figures for 1957 of 57,716,000 pairs and 6,342,000 pairs. Have you any approximate figures on the value in that year? Today the ratio is 45 to 200. What approximately was the ratio in 1957? Have you any idea?

**Mr. Maheu:** The value of the Canadian production...

**Mr. Ritchie:** I am interested in the value in 1957 as compared to imports and the value today as compared to imports. I would like to get a comparison.

**Mr. Maheu:** In 1957, the average value per pair of the Canadian foot-wear was \$3.40. Imports were valued at \$1.65, but at that time the bulk of our imports were coming from the United States. Today our imports from the United States, Great Britain and Western European countries are very, very small by comparison. It was only after 1957, I would say, that the Asiatic countries and the Eastern European countries started to ship very heavily to Canada.

**The Chairman:** Mr. Ritchie, Mr. Émard would like to ask a supplementary question.

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**M. Émard:** Vous avez dit tout à l'heure qu'il y a une certaine importation menant des États-Unis. Maintenant, on ne peut certainement pas dire à leur sujet que c'est un pays qui paie des salaires bas.

**M. Maheu:** Non.

**M. Émard:** Comment expliquez-vous que les États-Unis puissent exporter de la chaussure au Canada?

**M. Maheu:** A un moment donné, il y a environ dix ans, arrivait des États-Unis un grand nombre de paires de chaussures pour dames. Aujourd'hui, les Américains exportent au Canada en quantités de plus en plus réduites depuis 1957, certains genres de chaussures qui sont produites en très grandes quantités et qu'aucun fabricant canadien ne fabrique actuellement, certaines chaussures qui ont un

[Interpretation]

exemple, les salaires payés en Italie équivalent à environ 60 p. 100 de ceux qu'on paye en Allemagne occidentale. Et en Espagne, je crois que c'est encore plus bas.

Cette année, il y a aussi la Grèce. La Grèce voudrait participer à notre Salon de la chaussure, tout comme elle participe à celui de New York et, pour la première fois cette année, à celui de Paris.

**M. Ritchie:** Vous avez donné des chiffres de production pour 1957, soit 57,716,000 et 6,342,000 paires. Avez-vous des chiffres approximatifs pour la valeur de cette année? Aujourd'hui, le rapport est de 45 à 200. Quel était le rapport, approximativement, en 1957?

**M. Maheu:** Vous voulez dire la valeur de la production canadienne?

**M. Ritchie:** La valeur de 1957 et celle d'aujourd'hui, comparativement aux importations.

**M. Maheu:** En 1957, une paire de chaussures canadiennes valait approximativement \$3.40. Les importations valaient \$1.65. Mais à ce moment-là, la plupart de nos importations venaient des États-Unis. Aujourd'hui, nous importons peu des États-Unis, de la Grande-Bretagne et des pays européens occidentaux, comparativement à 1957. Ce n'est qu'après 1957 que les pays asiatiques et d'Europe orientale ont commencé à exporter en grande quantité au Canada.

**Le président:** MM. Ritchie et Émard ont des questions supplémentaires à poser.

**Mr. Émard:** You mentioned earlier that there is a certain amount of imports from the United States. Now, the United States certainly cannot be classified as a low wage country.

**Mr. Maheu:** No.

**Mr. Émard:** So how can you explain that the Americans can export shoes to Canada?

**Mr. Maheu:** About ten years ago, there were a great number of ladies' shoes exported from the United States to Canada. Today, the Americans are exporting to Canada, in quantities that have been increasingly reduced since 1957, certain types of shoes which are mass produced and which are not produced by any Canadian manufacturer. These are shoes that have made a name for themselves



## [Texte]

nom à cause de la proximité de la frontière, et qui bénéficient de la publicité dans tous les grands magazines et qui se vendent environ de \$25 à \$30; ce sont des chaussures pour dames. On peut dire que cela représente à peu près la majorité des importations en provenance des États-Unis.

Le même phénomène s'est produit dans le cas de certaines chaussures pour hommes, modèle sport. Si le marché canadien pour ce genre de chaussures, (il est assez restreint, 20 millions de personnes comparé à 200 millions), devenait intéressant, il y a des fabricants canadiens qui en produiraient. C'est peut-être une des raisons pour lesquelles les importations en provenance des États-Unis ont tant diminué.

**M. Émard:** Est-ce que ce serait un surplus de production qui s'écoulerait au Canada, d'après vous?

**M. Maheu:** On n'a fait aucune étude sur la valeur des chaussures en provenance des États-Unis parce qu'elle était assez élevée, et je ne pourrais pas répondre à cette question-là, monsieur Émard.

**The Chairman:** Gentlemen, as you are aware, we are not dealing really with importations. Our subject matter is the White Paper on Anti-Dumping. While I will receive questions dealing with importations but related to anti-dumping, please keep in mind that we are dealing with anti-dumping. I agree that the brief submitted by the Shoe Manufacturers' Association of Canada deals with importations at great length, but our subject matter is the White Paper on Anti-Dumping.

**Mr. Ritchie:** I have no more questions.

**The Chairman:** Yes, Mr. Henry.

**Mr. Henry:** Perhaps it would be helpful if we provided the Committee with a supplement to our original brief in which Mr. Maheu could submit these statistical tables from which he has been reading in reply to the last few questions from Mr. Ritchie and other members of the Committee.

**The Chairman:** This could be printed as an appendix to today's proceedings and also distributed to the members if you have enough copies.

**Mr. Henry:** Thank you.

**Mr. Hymmen:** Mr. Chairman, quite a number of questions have been addressed to the

## [Interprétation]

thanks to the proximity of the border, and which benefit from publicity in all big magazines. These shoes are sold from \$25 to \$30. They are ladies' shoes. Now, we can say that this represents approximately most of the imports we are getting from the United States.

There are certain kinds of men's shoes, sports shoes, in whose case the same phenomena took place. There was a market for these here, although rather limited; 20 million people as compared to 200 million therefore, if the market were to become interesting, there are certain Canadian manufacturers who would make these shoes. That is perhaps one of the reasons why imports from the United States have been so greatly reduced.

**Mr. Émard:** Would this be a surplus of production that is being disposed of in Canada?

**Mr. Maheu:** We have not carried out any studies on the value of American shoes because they were fairly expensive. I cannot answer that question, Mr. Émard.

**Le président:** Messieurs, comme vous le savez, nous ne nous intéressons pas tellement aux importations. Nous nous intéressons surtout au Livre blanc sur l'antidumping. Alors, j'accepterais des questions se rapportant aux importations qui ont trait à l'antidumping.

Il faut se souvenir que les questions doivent se rapporter à ce point-là; dans le mémoire présenté par l'Association des fabricants de chaussures, il est beaucoup question des importations, mais nous, ici, nous nous intéressons surtout au Livre blanc sur l'antidumping.

**Mr. Ritchie:** Je n'ai plus de questions.

**Le président:** Oui, monsieur Henry.

**M. Henry:** Peut-être serait-il utile de distribuer au Comité un appendice à notre mémoire, où M. Maheu pourrait vous faire connaître les données statistiques qu'il a citées au cours des réponses qu'il a faites à M. Ritchie et à d'autres membres du Comité?

**Le président:** Oui, nous pourrions les faire imprimer en appendice au compte rendu d'aujourd'hui et les faire distribuer aux membres, si vous avez assez d'exemplaires.

**M. Henry:** Merci.

**M. Hymmen:** Monsieur le président, on a posé pas mal de questions aux représentants

[Text]

members of the delegation on the last part of the foreword on the first page with regard to production in Canada, over-all production and imports.

I would like to make a comment that the over-all importations from low-wage countries have been anticipated for this year at 43.3 per cent as against 9.9 per cent in 1957. I can understand the concern of the Association about how high this percentage can increase without the industry becoming completely expendable.

I would like to ask a question of Mr. Henry or Mr. Maheu. Mr. Chairman, you may rule me out of order because this may not be exactly within the purview of this Committee, but it is of interest. I think Mr. Maheu made a suggestion in regard to the question on Italian foot-wear. Do you have information that the mark-up on imported shoes is greater than the mark-up on Canadian foot-wear?

**Mr. Maheu:** On this we are sure that the mark-up is greater because some members in our Association also have retail stores, and we have made, I would say, a short survey on that. I do not have it for this year because I did not think that I would be asked a question of this nature by this Committee. The mark-up is 20 to 25 per cent in the case of foot-wear coming from Italy, I would say, more than on similar foot-wear made in Canada.

**Mr. Hymmen:** Would the same situation hold in mass importation of rubber and canvas foot-wear too?

**Mr. Maheu:** Oh yes, there it may be a little bit more.

**Mr. Hymmen:** I have another question, Mr. Chairman, dealing with page 4 further on in the brief.

**The Chairman:** Mr. Hymmen I think we would prefer that you pose your question in a general way, then we will go through the brief.

**Mr. Hymmen:** Could I ask the question later then?

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**The Chairman:** Yes, you are very welcome to do so. Next is Mr. Howard followed by Mr. Danson and Mr. Portelance.

**Mr. Howard (Okanagan Boundary):** Mr. Chairman, my point was covered by yourself to the extent that we are here to discuss anti-dumping and not competitive conditions in the shoe industry.

[Interpretation]

au sujet de la première page, qui porte sur la production globale du Canada et les importations.

Je veux faire remarquer que les importations atteindront cette année, selon les prévisions, 43,3 p. 100, comparativement à 9,9 p. 100 en 1957.

Je comprends que l'industrie se préoccupe de cette question. Et la question que je voudrais poser, soit à M. Henry ou à M. Maheu, ne sera peut-être pas recevable, parce que cela ne relève pas tout à fait des questions à l'étude au comité, mais elle est quand même importante.

M. Maheu a parlé de la chaussure italienne. Avez-vous une idée des profits qui sont réalisés sur les chaussures importées, par rapport aux chaussures canadiennes.

**M. Maheu:** Nous sommes certains que le profit est plus grand parce que, dans notre association, nous avons des gens qui sont des détaillants. Nous avons fait une courte enquête. Je n'ai pas les données avec moi parce que je ne m'attendais pas à une question de ce genre. Mais le prix indiqué est de 20 à 25 p. 100 de plus pour les chaussures qui viennent d'Italie que pour les chaussures fabriquées au Canada.

**M. Hymmen:** Est-ce que c'est la même chose pour les importations massives d'articles de chaussure en caoutchouc et en toile?

**M. Maheu:** Oui, il se peut que ce soit un peu supérieur.

**M. Hymmen:** J'ai une autre question qui porte sur la page 4 du mémoire...

**Le président:** Voulez-vous, s'il vous plaît, poser votre question de façon générale?

**M. Hymmen:** Alors, pourrais-je poser la question plus tard?

**Le président:** Oui, entendu. M. Howard, M. Danson et puis M. Portelance.

**M. Howard (Okanagan-Boundary):** Monsieur le président, la remarque que je voulais faire a été déjà mentionnée par vous. Nous sommes ici pour étudier l'antidumping et non pas la concurrence dans l'industrie de la chaussure.



## [Texte]

I feel that much of the brief is a plea for protection for the shoe industry and not protection from dumping. I would also like to say that I am disappointed that the brief deals in numbers of pairs of shoes all the way through rather than in dollar volume. The numbers of pairs of shoes are really of no interest to us; it is the dollar volume that is important. We talk of imported shipments as being all lumped together as coming from low-wage countries, yet we are also talking about imports from the United Kingdom, West Germany and the United States, all of which obviously are not low-wage countries.

**The Chairman:** Mr. Howard, I think Mr. Maheu has given dollar volume in answer to Mr. Émard.

**Mr. Howard (Okanagan Boundary):** Yes in his answers to questions he has, but in the brief he has not. I would also like to say that there is mention of reductions of shipments from the United States, a higher-wage country that was mentioned.

Is this not very largely because United States manufacturers have moved in and bought up Canadian manufacturers to the extent that there is no necessity for them to ship from the United States into Canada?

They are manufacturing their product lines in what were formerly Canadian companies. The industry is now very largely dominated by American-owned companies, so this factor, as far as United States shipments to Canada are concerned does not really apply. I would be interested in your dollar volume total production figures in Canada for the last five years.

**Mr. Maheu:** First of all I would like to say to Mr. Howard that he may be interested in the value of shipments, but in the foot-wear industry we are interested in the number of pairs because we think that a pair of shoes replaces another pair. This is a question that I would not like to debate, but in our industry we are always considering the number of pairs as a very important matter.

Second, it is a fact that a number of American firms have become involved in Canada since 1959. They are involved in retailing, and they are involved in manufacturing. However, these are only seven firms. I would agree with you that they are controlling perhaps a little over 30 per cent of the Canadian production, but there is a large number of other manufacturers who are not involved in Canada and who would like to ship to Canada. We did not undertake a study to find out who were the exporters in 1957

## [Interprétation]

Or, selon moi, le mémoire est en grande partie un appel en vue de protéger l'industrie de la chaussure et non en vue de la protéger contre le dumping. Également, je suis déçu du fait que le mémoire parle trop des paires de chaussures plutôt que des volumes de dollars. Après tout, ce n'est pas le nombre de paires de chaussures qui nous intéresse, mais les sommes d'argent en jeu. Nous parlons des livraisons de chaussures importées, et nous disons que cela vient des pays où les salaires sont bas. Mais nous parlons aussi du Royaume-Uni, des Pays-Bas et des États-Unis qui sont des pays où les salaires ne sont manifestement pas bas.

**Le président:** Quant aux données en dollars, je crois que M. Maheu, justement, a touché à cette question-là.

**M. Howard (Okanagan-Boundary):** Oui, dans ses réponses à nos questions, mais non dans le mémoire lui-même. Il est question aussi de réduire les livraisons en provenance des États-Unis, pays à salaires supérieurs. Est-ce que ce n'est pas surtout parce que les fabricants américains ont précisément acheté les manufactures canadiennes. Alors, il n'est plus nécessaire pour eux d'exporter leurs chaussures. Et l'industrie maintenant est dominée par des filiales américaines. Alors, pour ce qui a trait aux livraisons qui viennent des États-Unis, ce facteur ne s'applique plus. Ce qui m'intéresse, c'est de connaître le montant de votre production au cours des cinq dernières années.

**M. Maheu:** M. Howard s'intéresse peut-être à la valeur des livraisons, mais dans l'industrie de la chaussure, nous nous intéressons, nous, aux paires de chaussures parce que nous croyons qu'une paire en remplace une autre. C'est une question dont je ne veux pas débattre, mais dans notre industrie, nous considérons toujours le nombre de paires comme un élément très important.

En second lieu, c'est un fait qu'il y a, depuis 1959, des compagnies américaines qui font partie de l'industrie canadienne. Elles s'intéressent au marché de détail, à la fabrication. Mais elles ne sont qu'au nombre de sept. C'est vrai qu'il y a peut-être un peu plus de 30 p. 100 de la production canadienne qui est contrôlée par les Américains. Mais il y a un grand nombre d'autres fabricants qui ne produisent pas au Canada et qui voudraient bien y expédier des chaussures. Nous n'avons pas fait d'enquête pour déterminer qui étaient

[Text]

and who are now the actual exporters in order to see if any change was largely influenced by the fact that the Americans have invested money in the Canadian foot-wear industry during the last 10 years.

**Mr. Howard (Okanagan Boundary):** That is fine, thank you.

**Mr. Danson:** Mr. Howard asked my main question but supplementary to that and perhaps the converse of it, are there Canadian companies that are part of international organizations with factories in low-wage countries that could import on a nonarms length basis which might be difficult to detect and would in effect be dumping?

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**Mr. Maheu:** We have in Canada the largest foot-wear company in the world, the Bata Shoe Company, which is located in 70 countries. In the last 10 years, Bata has become involved in a lot of, I would say, developing countries, but for the time being at least we have not noticed large shipments. Certainly they were very small indeed if there were any coming to Canada from the subsidiaries of this large firm located in Canada.

This large firm is the largest manufacturer in France; they are also in England; they are in several western European countries; in New Zealand, in Australia, and they have new factories in Africa. Actually we have not had any problem recently with imports from Africa. They are not in Japan, and Japan is shipping 14 millions out of the total to Canada.

I could not answer more precisely than that except to say that we have not had any value or inter-company problem. The possibility is there but the problem does not actually exist.

**Mr. Danson:** Thank you very much.

**Le président:** Monsieur Portelance.

**M. Portelance:** Monsieur Maheu, des 45 millions de paires qui doivent être importées, quel pourcentage viendrait des pays comme le Japon, Hong-kong et le Pakistan où la main-d'œuvre coûte moins cher qu'ici?

**Mr. Maheu:** I have graphs showing the exact percentage, but I did not bring them because I did not know I would have to answer such a question.

**Le président:** Monsieur Maheu, lorsque vous venez devant un Comité de la Chambre des communes, vous devez vous attendre à ce qu'on vous pose toutes sortes de questions.

**M. Portelance:** Mais diriez-vous que le plus gros pourcentage vient de ces pays-là?

[Interpretation]

les exportateurs en 1957 et qui le sont actuellement, en vue de savoir s'il y a eu des changements dus au fait que les Américains ont investi de l'argent dans l'industrie canadienne ces dix dernières années.

**M. Howard (Okanagan-Boundary):** C'est bien, merci.

**M. Danson:** M. Howard a déjà posé ma question principale, mais voici ma question supplémentaire, qui en est peut-être la réciproque. Y a-t-il des compagnies canadiennes qui font partie d'associations internationales possédant des usines dans les pays à salaires peu élevés et qui pourraient faire des importations en dumping?

**M. Maheu:** Nous avons au Canada la plus grande compagnie de fabricants de chaussures au monde qui est la compagnie Bata, implantée dans 70 pays. Au cours des dernières 10 années, elle s'est intéressée à bon nombre de pays en voie de développement. Mais, pour le moment du moins, nous n'avons pas noté de livraisons considérables. Rien n'est venu des filiales d'Afrique. Quant au Japon, qui nous en a expédié 14 millions, Bata n'y est pas représentée. Je pourrais donc répondre plus précisément qu'en vous disant que nous n'avons pas eu de difficultés notables avec cette compagnie. C'est vrai que la chose est possible mais elle n'existe pas encore.

**M. Danson:** Merci beaucoup.

**The Chairman:** Mr. Portelance.

**Mr. Portelance:** Mr. Maheu, of the 45 million pairs of shoes that must be imported, what percentage comes from Japan, Hong Kong or Pakistan, where labour costs less than here?

**M. Maheu:** J'ai un tableau qui donne les pourcentages précis mais je ne l'ai pas ici. Je ne croyais pas devoir répondre à une question comme celle-là.

**The Chairman:** Mr. Maheu, when you come before a Committee of the House of Commons you must expect all sorts of questions.

**Mr. Portelance:** Would you say the greatest percentage comes from these countries?



*[Texte]*

**M. Maheu:** En 1967, je les ai, je croyais ne pas les avoir, monsieur le président, 65 p. 100 venaient des pays asiatiques, dans la définition de pays asiatiques, on a Hong Kong, les Indes, le Japon, la Corée du Sud et Tai Wan; 16.5 p. 100 venaient des pays européens, comprenant le Royaume-Uni, la France, l'Allemagne de l'Ouest, l'Italie et l'Espagne; 14 p. 100 venaient de l'Europe de l'Est, les pays communistes: la Tchécoslovaquie, la Hongrie, la Pologne, la Roumanie et la Yougoslavie. On avait inclus la Chine continentale parmi les pays de l'Europe de l'Est même si ce n'en est pas un, on les avait appelés les pays communistes. Et le reste, 4.4 p. 100 vient de différents autres pays comme, les États-Unis et présentement la Colombie, dont je n'ai pas fait mention.

**Le président:** Monsieur Portelance, permettriez-vous à M. Howard de poser une question supplémentaire?

**Mr. Howard (Okanagan Boundary):** I just want to ask whether you are speaking of dollar volume or pairs?

**Mr. Maheu:** Pairs.

**Mr. Howard (Okanagan Boundary):** Then this really is meaningless to us.

**The Chairman:** I am sorry, Mr. Howard, I should mention that while it may not be of interest to you it may be of interest to other members.

**Mr. Hales:** Mr. Chairman, I think we are spending too much time on importation problems. I do not think we have to be sold on the difficulties this Association is having with imports to Canada.

I think we should get on with the anti-dumping legislation to protect against the great amount of imports and dumping we have. Let us proceed with the anti-dumping legislation.

**The Chairman:** Mr. Hales, if you followed my previous remarks, that is the field I touched on, but I think, if you will allow us, we will continue. If there are too many questions directed to importation I will have to use the gavel.

**M. Portelance:** Dans la fabrication des souliers ici, y a-t-il beaucoup d'importations de matières premières?

**M. Maheu:** Disons, le cuir employé dans l'industrie, environ 85 p. 100, est fait au Canada. Quant à la machinerie, il y a le plus grand manufacturier, United Shoe Machinery,

*[Interprétation]*

**Mr. Maheu:** In 1967, 65 per cent came from Asiatic countries, i.e. Hong Kong, India, Japan, South Korea and Taiwan. 16.5 per cent came from European countries, the United Kingdom, France, West Germany, Italy and Spain. 14 per cent came from East Europe, the Communist countries: Czechoslovakia, Hungary, Poland, Roumania and Yugoslavia. Continental China had been included among the East European countries although it is not one of them; the Communist countries had been lumped together. So that leaves 4.4 per cent coming from various other countries such as the United States, at the present time Columbia, which I had not mentioned.

**The Chairman:** Mr. Portelance, would you allow Mr. Howard to ask a supplementary question?

**M. Howard (Okanagan-Boundary):** Je veux simplement... Parlez-vous de volume en dollars ou parlez-vous de paires?

**M. Maheu:** Nous parlons toujours de paires.

**M. Howard (Okanagan-Boundary):** Alors c'est un terme qui ne veut rien dire pour nous.

**Le président:** Je regrette, monsieur Howard, cela ne vous intéresse peut-être pas mais ça peut intéresser d'autres députés.

**M. Hales:** Je crois que nous passons trop de temps sur des questions d'interprétation. Nous ne nous intéressons pas tellement aux difficultés qu'a cette association avec les importations au Canada. Nous devrions peut-être passer au problème du dumping, à la mesure législative qui concerne le dumping.

**Le président:** Si vous avez entendu mes remarques, j'ai déjà parlé de la question. Mais nous allons continuer. Si je vois qu'il y a trop de questions se rapportant à l'importation, il faudra que je rappelle à l'ordre.

**Mr. Portelance:** In the manufacturing of shoes here, are there many imports of raw materials?

**Mr. Maheu:** The leather used in the industry is about 85 per cent Canadian. With regard to machinery, the largest manufacturer, United Shoe Machinery, has plants in nearly

[Text]

qui a des usines à peu près dans tous les pays du monde, dont une assez considérable à Montréal.

**M. Portelance:** Je remarque au sujet de l'article 2 du projet de Loi, que vous n'aimez pas le terme: «marchandises semblables.»

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**Le président:** Monsieur Portelance, je vous demanderais de vous en tenir à des questions pertinentes à la présente discussion.

**M. Portelance:** Merci, j'y reviendrai.

**Mr. Gillespie:** Mr. Chairman, I sought to be recognized so that we might move forward into areas of anti-dumping. I have a question in this area if you are ready to consider it.

**The Chairman:** I have Mr. Downey and Mr. Trudel on my list and I do not know if their questions are on imports or if they want to deal with anti-dumping.

**Mr. Gray:** We are on general questions.

**The Chairman:** I know that, Mr. Gray. Is your question on anti-dumping, Mr. Downey?

**Mr. Downey:** Mine is a general question, Mr. Chairman. I was wondering in view of the labour costs in this country whether this industry lends itself to further mechanization, or has it gone as far as it can with respect to mechanization?

**Mr. Maheu:** I would like to answer by stating that a study was made and published recently in the *Financial Post* comparing different Canadian and American industries. Because we have shorter runs and because of other questions we have a productivity which is a little bit below American productivity, and the Americans are claiming they have the highest productivity in the world in that field.

As far as the machinery is concerned, I cannot answer. I am not a foot-wear manufacturer. However the factories I visited were, as I already mentioned, as modernized as the ones I have seen in Europe that are shipping to Canada.

**Mr. Downey:** I have just one more question, Mr. Chairman. Mr. Maheu stated that 34 per cent of the price of shoes was labour content and 49 per cent leather. When I look at the price of leather, of raw cowhide, today compared with 12 years or 15 years ago, it would seem to be about one-tenth of the cost. I would think that cowhide at that time sold in the neighborhood of \$8 to \$12, today it is 50 cents to \$1.00. You say that your leather costs

[Interpretation]

every country in the world, and has a fairly large plant in Montreal.

**Mr. Portelance:** I notice in Section 2 of the Act that you do not like the interpretation of "similar goods."

**The Chairman:** Mr. Portelance, would you please restrict your questions to the matter under discussion.

**Mr. Portelance:** Thank you. I shall return to this later.

**M. Gillespie:** Monsieur le président, je voulais avoir la parole pour passer peut-être aux questions d'antidumping, et j'ai justement une question à poser dans ce domaine.

**Le président:** J'ai M. Downey et M. Trudel sur ma liste. Je ne sais si leurs questions vont porter sur les importations ou sur l'antidumping.

**M. Gray:** Nous en sommes à des questions d'ordre général.

**Le président:** Je sais. M. Downey, votre question a-t-elle trait à l'antidumping?

**M. Downey:** Ma question est d'ordre général. En ce qui concerne les coûts de main-d'œuvre, au Canada, est-ce que l'industrie se prête à une mécanisation plus poussée, ou a-t-elle été aussi loin que possible dans la mécanisation?

**M. Maheu:** Il y a eu une étude de faite publiée récemment dans le *Financial Post*, comparant différentes industries américaines et canadiennes. Parce que nos productions sont plus restreintes, nous avons une productivité qui est un peu inférieure à la productivité américaine, et les Américains disent qu'ils ont la plus haute productivité au monde.

Quant à l'outillage, je ne puis vous répondre, je ne suis pas un fabricant de chaussures. Je sais cependant que les usines que j'ai visitées étaient devenues aussi modernes que les usines européennes qui livrent leur chaussures au Canada.

**M. Downey:** Une autre question, monsieur le président, M. Maheu a dit que 34 p. 100 du prix de la chaussure représente la main-d'œuvre et 49 p. 100 correspond au prix du cuir. Quand je regarde les prix du cuir, la peau de vache brute par exemple, aujourd'hui à comparer à ceux d'il y a 12 ou 15 ans, il semble que cela soit le dixième du prix de revient. Je crois que la peau de vache se vendait alors \$8.00 à \$12.00 environ. Maintenant, cela en



## [Texte]

are approximately the same. Am I to imagine that the increase in cost has been completely absorbed by the tanneries?

**Mr. Maheu:** Again may I say I would be pleased to supplement my answer. I received a reply from the Department of Industry just three days ago to a request I made for the general price index for leather, hides, and the price of foot-wear at the wholesale level. Based on 1956, I think, that the price of foot-wear has increased by approximately 29 per cent, leather by 34 per cent, the price of certain types of hides seems to have multiplied by three, especially calf hides. I would say that I give these figures under a reserve, although I received them from the Department of Industry.

I would also like to say that I am pleased to answer all these questions, but I would like to note that of these nine pages of brief we devote one and a half pages to imports, and we are very pleased to discuss that. However, I would not like to leave the impression that we came here only to talk about imports because we know that your Committee in dealing with the White Paper on Anti-dumping.

**Le président:** Monsieur Trudel, vos questions sont-elles dans le sens général?

**M. Trudel:** On en parle présentement, monsieur le président, et j'aimerais qu'on en discute.

**Le président:** Oui, mais j'ai permis des questions sur le plan général jusqu'à maintenant.

If you have no objection now gentlemen I will recognize Mr. Gillespie and we will deal especially with the anti-dumping part of the brief; Mr. Gillespie, followed by Mr. Trudel and Mr. Émard.

**Mr. Gillespie:** The brief draws our attention to the fact that the proposed Bill will require to be "quickly and effectively applied" if it is to serve the purposes of the Code. This is their quotation on page five.

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At the bottom of page four concern is expressed though, that the area of judgment for the administrative officials and the Tribunal has been widened considerably. I wonder if the witnesses would not agree that in order to apply the proposed Bill quickly and effectively, in fact, the area of discretion has to be widened.

## [Interprétation]

coûte de \$5.50 à \$1.00. Or, vous dites que le coût de votre cuir est resté à peu près inchangé? Donc, est-ce que l'augmentation a été complètement absorbée par les tanneries?

**Mr. Maheu:** J'aimerais compléter les renseignements que j'ai donnés. J'ai reçu du ministère de l'Industrie, il y a quelques jours l'indice du coût du cuir et du prix de la chaussure en gros. D'après les prix de 1966, il semble que les prix de la chaussure aient augmenté de 29 p. 100, le cuir de 34 p. 100, et, pour certaines peaux, le prix a été multiplié par trois, surtout dans le domaine des peaux de veau.

Je donne ces chiffres sous toutes réserves, bien que je les aie reçus du bureau du ministère de l'Industrie. Je suis très heureux de répondre à vos questions, mais j'aimerais faire remarquer que, sur les neuf pages du mémoire, nous en consacrons une et demie aux importations, et nous sommes très contents d'en parler. Toutefois, je ne veux pas vous laisser sur l'impression que nous sommes venus ici que pour parler des importations parce que je sais que le Comité traite des questions de l'antidumping objet du Livre blanc.

**The Chairman:** Mr. Trudel, are your questions of a general nature?

**Mr. Trudel:** This is talked about now, Mr. Chairman, and I should like us to discuss it.

**The Chairman:** Yes, but so far I have allowed questions of a general nature.

Si vous êtes d'accord, messieurs, je vais reconnaître M. Gillespie et, ensuite, nous allons nous intéresser surtout à la partie du mémoire qui se rapporte à l'antidumping. M. Gillespie, suivi de M. Trudel et M. Émard.

**M. Gillespie:** Le mémoire signale que le projet de loi devra être «appliqué rapidement et avec efficacité» pour servir aux fins du Code. C'est cité à la page 5.

Au bas de la page 4, on exprime une certaine inquiétude du fait que la discrétion accordée aux administrateurs et au Tribunal en matière de jugement s'est accrue sensiblement. Je me demande si les témoins ne conviendraient pas que l'application rapide et efficace du projet de loi exige l'accroissement de cette discrétion.

[Text]

**Mr. Maheu:** On this question I would say that we are not against the area of judgment being enlarged. We are concerned about the application, or the administration because of lengthy delays we have faced in two cases recently regarding interpretation of "like goods". In our field where we are dealing with consumer goods it is very seldom one meets exactly identical products as far as the construction of the products is concerned.

We can give you a number of examples which we gave to the Canadian Tariff and Trade Committee. Sometimes the construction is very different, but the appearance, and even the advertising of some stores tries to lead the public to believe the products are exactly the same. This is just an example.

If we are trying to make a case concerning a certain type of foot-wear being dumped into Canada, and we already have a difference of opinion on the definition of "like goods", we are afraid that the enlargement of judgment could lead us to longer delays than we have already experienced in the past.

**Mr. Gillespie:** Yet this is really the nub of your opposition, if that is not stating it too harshly. The nub of your concern is this question of interpretation of "like goods". You would want the department officials to have the breadth of discretion which would enable them to find, presumably, in your favour.

I wonder if the departmental officials would be prepared at this moment to discuss with us this question of "like goods," and how they have interpreted this particular provision in the existing Act and how this might be changed, if indeed it would be changed, in the proposed Bill which we are considering now.

**Mr. Hind:** Mr. Chairman, we have been up against this problem in years gone by. The concept is present in our current legislation. I think I understand the Association to be suggesting that "a shoe is a shoe", that a pair of cheap running shoes, should be compared, or could be compared, with a pair of dancing pumps. We of the Department of National Revenue would not go that far.

As a matter of fact we have moved on a number of occasions at the behest of the Association. We have had, as government officials to pin point the problem area. The problem area has not been that shoes are coming into Canada, but that specific classes of shoes are coming into Canada.

[Interpretation]

**M. Maheu:** Nous ne nous opposons pas à ce que la portée des jugements soit étendue. Nous en craignons l'application et l'administration, à cause des délais prolongés subis récemment à deux reprises au sujet de l'interprétation de «marchandises semblables». Dans notre domaine, lorsqu'il est question de biens de consommation, il est très rare de rencontrer des produits identiques quant à la structure de production.

Nous pouvons donner nombre d'exemples. Nous les avons donnés au Comité des tarifs douaniers et du commerce. Parfois, la structure est tout à fait différente, mais l'apparence, et même la publicité de certains magasins, essaie de laisser croire au public que les produits sont identiques. Ce n'est qu'un exemple.

Si nous voulons faire comprendre qu'un certain genre de chaussures fait l'objet de dumping au Canada, et que nous avons déjà une divergence d'opinion sur la définition de «marchandises semblables», nous craignons que la discrétion accrue en matière de jugement ne nous mène à des délais plus prolongés que ceux dont nous avons déjà l'expérience.

**M. Gillespie:** C'est vraiment là l'essentiel de votre objection, si ce n'est parler trop durement. Vous vous inquiétez surtout de cette interprétation de «marchandises semblables». Vous voudriez que les fonctionnaires du ministère aient l'ampleur de discrétion qui leur permettrait de la définir probablement en votre faveur. Je me demande si les fonctionnaires seraient prêts, en ce moment, à discuter avec nous de cette question de «marchandises semblables», de la façon dont ils ont interprété cette disposition spéciale de la loi actuelle et de la manière qu'on pourrait la changer, si toutefois elle était changée, dans le projet de loi que nous étudions.

**M. Hind:** Monsieur le président, on a déjà fait face à ce problème dans le passé. Le principe est mentionné dans notre mesure législative actuelle. Je pense que je comprends pourquoi l'Association dit «qu'une chaussure est une chaussure». Cela veut dire qu'une paire de chaussures athlétiques bon marché devrait ou pourrait se comparer à une paire de souliers de danse. Au ministère du Revenu national, nous n'irions pas jusque-là.

En fait, en certaines occasions, nous avons agi sur l'ordre de l'Association. En qualité de fonctionnaires de gouvernement, nous avons dû indiquer exactement où se trouvait le problème. Ce problème ne résidait dans le fait que des chaussures entrent au Canada, mais que certaines catégories de chaussures sont



## [Texte]

As the Association will confirm, we found that a problem area involved leather men's and boy's work and sport boots. We cut this sector out as an area where certainly injury was being caused, and on investigation we found that dumping had occurred. As a result of that we took remedial action and I think the Association is satisfied with the action we took.

In other words we try to group "like goods". As I said before, I would not want to compare cheap rubber-soled canvas-topped shoes coming in from one country with ladies style shoes coming in from another country. So if the Association is suggesting that "a shoe is a shoe" I am afraid I do not agree with this.

• 1205

**Mr. Maheu:** I am in agreement with Mr. Hind. When we said "a shoe is a shoe" we were talking about a large specific group, our intention was not to compare working shoes with high-styled dress shoes. However, if this definition is too wide, or if it is too narrow it can hurt our industry.

I mentioned there were shoes coming into Canada classified under an item of DBS as canvas shoes. They were competing in stores on St. Catherine Street with the name of "Hush Puppies", which is a leather shoe. They looked the same although they were of different materials. The price in one case was \$4.95, in the other case it was \$11.95. Again I agree with Mr. Hind. I do not want to compare ladies style shoes with canvas shoes for children. I know that the people of the Department of National Revenue have a lot of work. They are not specialists in the marketing of foot-wear.

There was a study made in the United States called the Elmor Ruper Report showing that different types of foot-wear of different construction, using different types of materials, were serving the same purposes. This is why we were afraid of the word "identical". If we gave the impression that we feel a type of foot-wear is replacing another type of foot-wear then I think we were wrong, and we were not clear enough in our brief. We want specific large classes defined, but these classes should not be too restrictive.

When we undertake a marketing study of foot-wear today we could find that a certain type of foot-wear brought in by an importer is replacing purchases from a Canadian manufacturer, although the imported foot-wear is

## [Interprétation]

importées ici. Comme l'Association pourra vous le dire aussi, nous avons constaté que l'un des éléments du problème impliquait des bottes de travail et de sport, en cuir, pour hommes et garçons. Nous avons supprimé cet article qui causait vraiment un préjudice et, après enquête, nous avons constaté qu'il y avait eu dumping. Nous avons donc pris des mesures correctives et je pense que l'Association est satisfaite de ces mesures.

En d'autres termes, nous essayons de grouper les «marchandises semblables». Comme je l'ai déjà dit, je ne voudrais pas comparer des chaussures, communes en toile, avec semelle de caoutchouc, importées d'un pays, avec des chaussures de qualité, pour dames, venant d'un autre pays. Alors, si l'Association laisse entendre qu'une chaussure est une chaussure, je ne suis pas d'accord.

**M. Maheu:** Je partage l'avis de M. Hind. Lorsque nous disions qu'une chaussure est une chaussure, nous parlions d'une catégorie importante précise. Nous n'entendions pas comparer les chaussures de travail aux chaussures de toilette très chic. Cependant, si la définition est trop restreinte ou trop étendue, cela peut nuire à notre industrie.

J'ai mentionné que certaines chaussures importées étaient classifiées par le Bureau fédéral de la statistique comme chaussures en toile. Rue Sainte-Catherine, on les vendait comme étant des «Hush Puppies», qui sont des chaussures en cuir. Elles ont la même apparence, mais le matériel est différent. Dans un cas, elles se vendaient \$4.95, dans l'autre, \$11.95. Je dis toujours comme M. Hind, je ne veux pas comparer les chaussures de qualité pour dames avec les chaussures en toile pour enfants. Je sais que les fonctionnaires du Revenu national ont beaucoup de travail. Ce ne sont pas des spécialistes de la mise en marché des chaussures.

Une étude appelée le «Elmor Ruper Report», faite aux États-Unis, démontre que diverses chaussures, de modèle et de matériel différents, servaient aux mêmes fins.

C'est pourquoi nous avons peur du mot «identique». Si nous avons donné l'impression qu'un genre de chaussures peut en remplacer un autre, je pense que nous avons eu tort et que notre mémoire n'est pas assez clair. Nous voulons de grandes catégories précises et bien définies, mais il ne faudrait pas qu'elles soient trop restrictives.

Lorsque nous faisons une étude de la mise en marché de la chaussure, nous pourrions nous rendre compte qu'un certain genre de chaussure qu'un importateur a fait venir remplace ses achats chez un fabricant canadien,

[Text]

not supposed to be replacing the domestic foot-wear in the minds of retailers.

**Mr. Gillespie:** You have recommended that there be an additional provision, a subparagraph (iii) under clause 2 (g) of the proposed Bill. I would draw your attention to clause 2(g)(ii) which states in part:

... goods the characteristics of which closely resemble those of the said goods;

Does not this particular wording in fact cover the wording that you have suggested? "Characteristics" is the key word.

**Mr. Maheu:** Yes, it does. I used the same words:

... other closely resembling goods in the purchases of the customer."

It was after I read some comments by Mr. Henry of the Investigation and Research Branch on the Combines Investigation Act regarding a definition of the word "competitor" that it came to my mind that when two products compete for the purchase of a certain customer at a certain moment for the same purpose they should be assimilated as "like goods". I am not proposing the exact addition because I am not a lawyer. I know that some members of this Committee are lawyers, and there are legal advisers. Our intention was to say that "like goods" were goods which were competing against each other. I know the definition has to be more precise because some durable goods could compete with nondurable goods and so on. We would like the explanation of "like goods" to have a wider interpretation.

**Mr. Levetus:** I think the end-use is very important.

**The Chairman:** Mr. Levetus?

• 1210

**Mr. Levetus:** I believe the end-use is very important. The imported goods and domestic goods go to the same type of consumer for approximately the same use, and they are very much competing.

**The Chairman:** Yes. Mr. Lambert?

**Mr. Lambert (Edmonton West):** There is a particular point here. I think that the members of the Association who are here may

[Interpretation]

bien que la chaussure importée ne soit pas supposée remplacer le produit domestique dans l'esprit des détaillants.

**M. Gillespie:** Vous avez recommandé que l'on ajoute une autre disposition, un sous-alinéa (iii) de l'alinéa (g) de l'article 2 du projet de loi. J'aimerais attirer votre attention sur la clause 2(g) (ii), où l'on dit, entre autres:

... des marchandises dont les caractéristiques ressemblent étroitement à celles desdites marchandises;

Cet énoncé particulier n'inclut-il pas, en fait, celui que vous avez proposé? Le mot-clé est «caractéristiques».

**M. Maheu:** Oui, vous avez raison. J'ai employé les mêmes termes:

... d'autres marchandises, achetées par le client, qui y ressemblent étroitement.

C'est après avoir lu certaines observations de M. Henry, de la Direction des enquêtes et des recherches, au sujet d'une définition du terme «concurrent» qui figure dans la Loi relative aux enquêtes sur les coalitions que j'ai songé que, lorsque deux produits sont en concurrence, pour obtenir un certain client à un moment donné et à la même fin, ils devraient être classés comme étant des «marchandises semblables». Je ne veux pas proposer l'énoncé exact de la disposition à ajouter, car je ne suis pas avocat. Je sais que plusieurs des membres du Comité sont avocats, et nous avons toujours des avocats-conseils. Je pensais que l'on pourrait dire que les «marchandises semblables» étaient des produits qui sont en concurrence. Je sais qu'il faut donner une définition un peu plus précise, car certaines marchandises non périssables pourraient être en concurrence avec des denrées périssables, et ainsi de suite. Nous aimerions que l'on donnât à l'expression «marchandises semblables» une interprétation plus large.

**M. Levetus:** Je pense que l'utilisation finale est très importante.

**Le président:** Monsieur Levetus?

**M. Levetus:** Je pense que l'utilisation finale est très importante. Les produits fabriqués ici s'adressent au même type de consommateurs et servent à la même fin que les produits importés. Il y a donc beaucoup de concurrence.

**Le président:** Oui, monsieur Lambert.

**M. Lambert (Edmonton-Ouest):** Il y a un point que je voudrais soulever. Je crois que les membres de l'Association sont au courant



*[Texte]*

have been aware of the presentations of some other trade groups expressing concern with the possible practice of both the Minister of National Revenue and the Tribunal of examining in the country of export the normal value of a class of goods that is manufactured but not normally distributed there.

To arrive at the value of those goods in the home market they would take into account as well, shall we say, the value of similar goods from low-price sources. I will use the example in the English textile market of shirts made by British manufacturers for export. In arriving at the normal value in the United Kingdom you would have to take into account the value of shirts of a similar kind manufactured in Hong Kong and sent to Britain for sale at a much lower price.

How does this affect your position with shoes? I would rather think that your interpretation of "a shoe is a shoe is a shoe" might run counter to the arguments put forward by these other trade groups. In other words, "a shoe is a shoe is a shoe" would compel you to look at the Hong Kong shoe in the United Kingdom market, even though the shoe about which you are concerned is not manufactured for sale in the United Kingdom market.

**Mr. Maheu:** In the two cases we took to the Department of National Revenue we were complaining about the value of goods which in both cases were made only for export. They were shoes from Czechoslovakia, Rumania and Poland. I agree with you that in a very broad definition the interpretation would be just "a shoe is a shoe". I said that within broad categories it may have an adverse effect on us. If I understand the example you gave, these shirts made in Great Britain, not for the British market, will be compared by the Department of National Revenue with shirts coming from Hong Kong.

**Mr. Lamberi (Edmonton West):** Into the United Kingdom market.

**Mr. Maheu:** Yes, This aspect of the problem did not escape us, but we did not have any recommendation. When we were preparing our brief we did not think this would be the interpretation of the Department of National Revenue of the White Paper, that they could

*[Interprétation]*

des instances présentées par d'autres groupes du commerce. Certains se préoccupent de la possibilité qu'il y aurait pour le ministère du Revenu national et pour le Tribunal d'étudier dans le pays d'exportation la valeur normale d'une catégorie de marchandises qui sont fabriquées dans ce pays mais n'y sont normalement pas vendues.

Pour calculer la valeur de ces marchandises sur le marché intérieur, ils tiendraient aussi compte de la valeur de marchandises semblables venant d'endroits à bon marché. Prenons, par exemple, le cas, sur le marché anglais des textiles, des chemises faites en Grande-Bretagne et destinées à l'exportation. Pour calculer la valeur normale de ces chemises au Royaume-Uni, il faudrait tenir compte de la valeur de chemises semblables fabriquées à Hong-Kong et exportées vers la Grande-Bretagne pour y être vendues à un prix beaucoup plus bas.

Quelle influence cela a-t-il dans le domaine de la chaussure? Car, lorsque vous dites que toutes les chaussures sont semblables, cela s'oppose à la thèse présentée par d'autres associations commerçantes.

Si toutes les chaussures étaient les mêmes, cela vous obligerait à regarder les chaussures de Hong-Kong vendues au Royaume-Uni, bien que les chaussures qui vous intéressent ne fussent pas celles qui sont fabriquées en vue d'être vendues au Royaume-Uni.

**M. Maheu:** Dans les deux cas que nous avons présentés au ministère du Revenu national, nous nous plaignions de la valeur de marchandises qui étaient destinées uniquement à l'exportation. Il s'agissait de chaussures fabriquées en Tchécoslovaquie, en Pologne, et en Roumanie. Je reconnais, comme vous, que, si nous élargissons beaucoup la définition, l'interprétation est simplement que toutes les chaussures sont les mêmes. J'ai dit que, dans des catégories très larges, cela peut avoir des conséquences néfastes pour nous.

Si je comprends bien l'exemple que vous venez de nous donner, les chemises fabriquées en Grande-Bretagne mais non destinées au marché britannique, seront mises sur le même plan, par le ministère du Revenu national, que les chemises importées de Hong-Kong.

**M. Lamberi (Edmonton-Ouest):** Et vendues sur le marché du Royaume-Uni.

**M. Maheu:** Oui. Cet aspect du problème ne nous a pas échappé, mais nous n'avons pas présenté de recommandations. Lorsque nous avons préparé le mémoire, nous ne pensions pas que le ministère du Revenu national allait interpréter le Livre blanc de la sorte et faire

[Text]

compare with products coming from low-wage countries. We have not made any recommendations on this specific point.

**Le président:** Monsieur Trudel, suivi par messieurs Énard, Hales, Hymmen et Portelance.

**M. Lambert (Edmonton-Ouest):** Ce n'était pas mon tour; j'ai posé une question supplémentaire, monsieur le président.

**Le président:** Monsieur Lambert. J'avais remplacé M. Hales par M. Lambert. Et je vais placer M. Hales à sa place.

**M. Trudel:** Je pense que l'industrie a vraisemblablement démontré que certains maux existent. Maintenant, ils nous ont aussi fait voir que l'importation indique une ascendance qui les inquiète beaucoup plus. Maintenant, quant à la loi sur l'antidumping, et l'administration faite par le ministère jusqu'à ce jour, croyez-vous qu'une valeur réelle a été donnée aux articles importés? Je pense que c'est le problème que nous devons envisager.

Je voudrais aussi apprendre des représentants de l'industrie, si on leur enlève quelque chose; parce que l'impression laissée au Comité jusqu'à maintenant par les représentants des diverses compagnies, c'est que nous leur donnons une protection additionnelle. Le Comité aimerait savoir, je crois, si les manufacturiers canadiens considèrent que la nouvelle loi les protège plus ou moins. Nous voulons protéger tant les manufacturiers canadiens que les importateurs parce que les deux ont le droit de vivre au Canada, et la nouvelle loi antidumping devenant exécutoire au début de l'année, favorisera, je crois, une juste compétition. Peut-être cette distinction nous échappe-t-elle, parce que, jusqu'à maintenant, nous avons traité les importateurs et les manufacturiers de deux manières différentes mais les deux ont le droit de vivre: nous avons des importateurs canadiens aussi bien que des manufacturiers canadiens. Personnellement, je veux m'assurer que la protection que nous voulons donner à tous les gens d'affaires du Canada est juste, et qu'eux la considèrent ainsi.

● 1215

**Le président:** Le projet de loi devant nous ou le...

**M. Trudel:** Le projet de loi qui existe doit être modifié. En effet, les barèmes utilisés n'ont pas toujours protégé nos manufacturiers contre le dumping, les chiffres qu'on nous a fournis nous le prouvent: le volume des im-

[Interpretation]

des comparaisons avec les produits venant de pays où la main-d'œuvre est bon marché. Nous n'avons pas fait de recommandations à cet égard.

**The Chairman:** Mr. Trudel, followed by Messrs. Énard, Hales, Hymmen, and Portelance.

**Mr. Lambert (Edmonton West):** It was not my turn. It was a supplementary question.

**The Chairman:** Mr. Lambert. I had replaced Mr. Hales by Mr. Lambert, and I shall put Mr. Hales in his stead.

**Mr. Trudel:** I think that industry has proven certain difficulties exist. They have also made us aware that imports are of very great concern to them. Now, with regard to the Antidumping Act and its administration by the Department up to now, do you think that imported articles have been given a true value?

I would like to know from the representatives of the shoe industry, because up to now all the associations have given us to understand that we are providing additional protection for Canadian manufacturers. We would like from you, to tell us whether you feel the new act gives you were less protection. We want to protect both manufacturer & importer as they both are entitled to a living. This new act will foster fair competition. Maybe this has escaped us—this distinction between importers and manufacturers. So I would like to know if the protection that we are giving to all those who are in the trade, is fair and those involved feel it is fair.

**The Chairman:** The bill before us...

**Mr. Trudel:** And are we subtracting something that was in the previous law. Indeed the standards used did not always protect our manufacturers against dumping as we have seen from the statistics. The volume of im-



## [Texte]

portations augmente rapidement. Ma question est celle-ci: utiliserons-nous des barèmes différents?

**M. Maheu:** Le Livre blanc sur l'antidumping propose des améliorations sur l'ancienne législation, dans certains domaines. Le concept de préjudice nous effraie un peu, mais d'autant moins que la loi sera administrée rapidement et efficacement. En tant qu'un ancien employé du gouvernement fédéral, je connais l'efficacité qui existait lorsqu'il s'agissait d'impôt sur le revenu, et si cette efficacité existait dans l'application de la nouvelle loi sur l'antidumping, nous ne serions pas inquiets. Mais des deux cas où nous avons été impliqués, l'un a connu une solution satisfaisante, le cas des chaussures en provenance de Tchécoslovaquie, tandis que dans l'autre nous avons souffert de la lenteur des procédures et aussi de l'ingérence d'autres ministères dont celui des Affaires extérieures. Quand une affaire est ouverte en 1963 et qu'elle n'est réglée que pour l'année 1968, on se pose des questions.

Entre temps, on a vu disparaître une usine qui s'appelait *Frontenac Shoe*, à Québec, on a vu disparaître une usine, qui existait depuis 50 ans, à Tillsonburg en Ontario, et plus récemment une usine, à Winnipeg fabriquant le même genre de chaussures *Northern Shoe Manufacturer* a aussi cessé sa production. Nous nous inquiétons surtout de l'application de la loi, nous ne sommes pas des avocats. Nous pensons que le nouveau texte de loi a des avantages sur l'ancien, qu'il précise certaines choses. Il était temps, je pense, qu'il soit révisé, mais nous sommes toujours conscients de l'importance primordiale de l'application rapide et efficace de la loi.

Le ministère du Revenu national, a commencé, le 17 mai, une enquête concernant les chaussures en provenance de Pologne et de Roumanie. Ces chaussures remplacent les chaussures de Tchécoslovaquie dont le Ministère nous a déjà communiqué la valeur. Or nous sommes maintenant en décembre, et il y a près de six mois que l'enquête est ouverte. Dans un tel cas, que devient le délai de 90 jours? Après ce délai, les chaussures peuvent-elles entrer au pays? Et si la décision n'était prise qu'au mois de mars, le mal aura été fait, et les fabricants canadiens auront subi préjudice dans certains cas. Nous espérons qu'ils ne seront pas obligés de fermer leurs usines avant qu'une décision soit prise. C'est pourquoi nous insistons tellement sur l'importance de l'administration rapide et efficace de la loi.

## [Interprétation]

ports is rising fast. My question is as follows: Are we using different standards?

**Mr. Maheu:** The White Paper on Anti-dumping is an improvement on the previous law in certain fields. The concept of prejudice is a bit frightening but we have the reassurance that the act will be administered promptly and efficiently. I am a former federal government employee, I was working for the Income Tax Department, so if the new law on Anti-dumping is administered as well as income tax we would not be worried. In the two instances we have had, one was handled satisfactorily—the case of shoe imports from Czechoslovakia. In the other instance we had to put up with interference of other departments, notably External Affairs. When a case begins in 1963 and is not settled till 1968, you begin to wonder.

Meanwhile a shoe factory—*Frontenac Shoe*—disappeared after 50 years production in Quebec City. Another industry in Ontario disappeared, and a third factory in Winnipeg, *Northern Shoe Manufacturer*, which makes the same kind of shoe, is closed now. So the application is more frightening because we are not lawyers. We feel the new Bill seems more advantageous than the former one because it clarifies some things, and it was time to revise the old act. We are still very concerned that the act be rapidly and efficiently enforced.

For instance, the Department of National Revenue has a case in hand, which began on May 17 last—to investigate shoe imports from Poland and Rumania, which have succeeded Czechoslovakia. Well now we are in December, six months later, so the retroactivity of 90 days is very important to us and it means that shoes could be imported here if a decision is made in March, and the prejudice is already done, and we hope, no Canadian manufacturer will have to close down before the decision is made. This is why we insist so much on rapid and efficient administration of the act.

[Text]

**M. Trudel:** Si je comprends bien, si l'application de la nouvelle loi est rapide et efficace, cette nouvelle loi améliorera la situation de votre industrie en général.

**M. Maheu:** Sûrement, la nouvelle loi sera meilleure, si l'application est rapide et efficace.

**M. Trudel:** Merci.

**M. Émard:** A la page deux de votre mémoire, vous dites:

Aux termes de la loi canadienne le public a droit aux avantages de la concurrence libre: c'est pour cette raison qu'il existe des lois concernant les coalitions. Il est malheureux, cependant, qu'elles ne réglementent la concurrence qu'à l'intérieur du Canada.

Vous parlez probablement du *Combines Investigation Act*? Est-ce du fait qu'elle empêche les coalitions au Canada qu'elle nuit à votre commerce ou bien est-ce par le fait que dans d'autres pays, les coalitions peuvent nuire au commerce canadien?

**M. Maheu:** En fait nous voyons la Loi relative aux enquêtes sur les coalitions, comme une protection pour l'ensemble des consommateurs, aussi protection pour les fabricants. Si un grand fabricant décidait de vendre ses chaussures à un prix moindre que son prix coûtant ou à des prix différents dans des régions différentes, en vue de tuer la compétition, nous pourrions alors demander une enquête.

• 1220

Dans le cas des importations, elles peuvent venir d'entreprises qui sont des cartels au Japon, la loi des cartels y étant beaucoup plus large, et elles peuvent être jetées sur le marché canadien à des prix ridiculement bas. C'est beaucoup plus difficile pour le contribuable ou le manufacturier canadien de demander une enquête: il faudrait qu'il connaisse les valeurs des produits, au Japon, et il n'ai ni les moyens ni le temps de le faire, à moins d'en importer des petites quantités. Et c'est très difficile aujourd'hui parce que les grands fabricants étrangers exportent surtout en très grandes quantités.

C'est cet aspect de manque de protection à l'échelle internationale qui nous fait peur. Si nous avions eu le temps et les renseignements nécessaires, nous aurions pu demander, peut-être 10 ou 15 enquêtes au ministère du Revenu national, relativement à des importations de produits sous-évalués en provenance de pays asiatiques, par exemple, la Chine. Les deux situations pour lesquelles nous avons

[Interpretation]

**Mr. Trudel:** If I understand correctly, the new act if enforced efficiently and rapidly will improve your position.

**Mr. Maheu:** Yes, it will be an improvement if it is applied efficiently and rapidly.

**Mr. Trudel:** Thank you.

**Mr. Émard:** On page 2 of your brief it says according to Canadian law the public has a right to the advantages of free competition. That is the purpose of the Combines Act. It is regrettable, however that the Combines Investigations Act only regulates competition within Canada. You are referring to the Combines Investigation Act? Does this act hurt you because it outlaws combines in Canada or is it because there are combines in other countries which can harm Canadian Trade.

**Mr. Maheu:** The Combines Act is a protection and according to the pre-amble of the law it is designed to protect consumers and manufacturers. If a big manufacturer wanted to sell shoes at a lower cost than the cost price to a store of competition, or varied prices according to area to kill competition, I think that we could present our case to the authorities and ask them to make an inquiry.

In the case of imports we may have to take similar treatment from a cartel in Japan, for instance, where monopoly legislation is laxer, and these products can be dumped here at a ridiculously low price. It is much harder for the Canadian manufacturer or a taxpayer to demand an enquiry here. He has to know the value of the goods in Japan and he does not have time or the means to do it, unless he is able to import small quantities and to get the bills. Because the large manufacturer in foreign countries exports goods in large quantities, so there are not enough protection on the international level and this is frightening. With more time or information, we could have submitted 10 or 15 cases to the Minister of National Revenue for shoes sold under-value by Asian countries, China for example. We did not have time to do it, so right now the two present cases are by no means unique. Certain things are forbidden in our country, and they are permitted on the international level, so certain Canadian manufac-



## [Texte]

demandé une enquête sont loin d'être deux cas uniques. Ce qui nous fait peur c'est que, ce qui est défendu à l'échelle nationale devienne permis à l'échelle internationale et que des fabricants canadiens soient éliminés, obligés de fermer leurs portes à cause d'une compétition déloyale, à des prix ridiculement bas.

Si on regarde les prix des chaussures importées des pays asiatiques, on voit qu'il n'y a aucune tendance à l'augmentation malgré qu'on nous dise que le coût de la vie et que les salaires y sont à la hausse. Or nous expérimentons exactement le contraire avec une meilleure qualité de chaussures, des chaussures de plastique et même de cuir et avec aussi des prix qui restent désespérément bas. Il y a trois ou quatre ans, on nous disait que le coût de la vie et les salaires étaient à la hausse dans les pays asiatiques. C'est le même problème quand on fait affaire avec les pays de l'Europe de l'Est: ils ont peut-être besoin de dollars canadiens. La loi de l'offre et de la demande ne joue plus, dans certains cas, et c'est inquiétant.

**M. Émard:** Que voulez-vous dire par:

L'établissement discriminatoire des prix, comme par exemple, dans le cas des chaussures de travail...

Voulez-vous dire l'établissement des prix par le ministère du Revenu?

**M. Maheu:** Dans le cas des chaussures de travail, le ministère du Revenu national a accepté une valeur de base fondée sur le prix de chaussures similaires qui venaient de Grande-Bretagne. Ce cas-là était tellement flagrant: il y avait un pays exportateur, la Tchécoslovaquie, un importateur au Canada et le prix de la chaussure, au Canada, d'après le mémoire des représentants de la Tchécoslovaquie était de \$2.94 ce qui ne couvrirait pas le coût des matériaux employés en Grande-Bretagne pour les fabriquer.

J'avais envoyé au ministère du Revenu national une copie de la déclaration de l'ancien secrétaire du commerce à Londres, avisant les Tchécoslovaques, en 1964, qu'ils seraient obligés de reviser leurs prix, si ceux-ci ne tenaient pas compte de la concurrence et du coût de production. Nous avons surtout mis l'emphasis sur ces situations parce qu'elles étaient très évidentes. La première fois, les Tchécoslovaques ont promis d'augmenter leurs prix, et ils les ont augmentés jusqu'à \$3.04. J'ai obtenu des compagnies mêmes qui ont fourni les chiffres au ministère du Revenu national, des prix variant entre \$5.50 et \$6.50. Et dans des lettres que je peux déposer devant ce Comité, il est mentionné

## [Interprétation]

turers are eliminated immediately from competing efficiently, or they have to close their factories because competition is unfair because of ridiculously low prices.

It is frightening. If we look at the value of the shoes coming from foreign countries, we see no upward tendency in their price although we are told the cost of living and wages are on the increase there. We have a better quality. We have leather shoes and we import plastic shoes from Asia, so we do not enjoy those benefits that were mentioned three or four years ago, when we were told that the standard of living was improving in those countries. When we deal with Eastern Europe we deal with states that need Canadian dollars probably, so the law of supply and demand does not apply there in certain cases and this is disturbing.

**Mr. Émard:** When you talk of discriminatory setting of prices, for instance, working shoes, you are talking of setting up prices by the Department of Revenue?

**Mr. Maheu:** In the case of working shoes where the Department of National Revenue, first of all, Mr. Benson accepted a value based on shoes made in Great Britain. That case was so flagrant—there was only one country involved, only one exporter, one Canadian importer and the cost of the shoe in Canada, according to the brief of the Czechoslovak representatives—I had a copy of this, was \$1.94 but you would not in Great Britain, cover the cost of the materials to make them.

And I had sent to the Department of National Revenue at the time a statement by the former trade secretary in London notifying the Czechoslovaks in 1964 that he would have to review their prices if shoes coming into Great Britain were, let us say, sold at prices which did not take into account competition and the cost of production. And it was based on such similarities that it was quite obvious on these cases. It was quite obvious. The Czechs first of all, promised they would increase their prices. We saw the price and it had gone up to \$3.04, but the price that I was given by the same companies who gave the figures to Department of National Revenue and they were between \$5.50 and \$6.50, and

## [Text]

par les fabricants anglais qu'ils ne pensent pas que leurs chaussures puissent être comparables au point de vue qualité.

## ● 1225

Dans ce cas, l'écart était tellement grand, qu'il nous semblait plus facile que des cas où la différence n'est pas tellement grande et où toutes sortes d'escomptes jouent.

**M. Émard:** Monsieur le président, le ministre voudrait-il commenter ce cas particulier?

**Le président:** Monsieur Hind.

**Mr. Hind:** Yes, Mr. Chairman, I know something of this case and I think we should be proud as Canadian officials of the job we did. It was just blood, sweat and tears. As the witness has said, the shoes that were made especially for Canada were not sold in the country of export, namely, the United Kingdom.

What we had to do was locate shoes as nearly similar as possible that were, indeed, sold for consumption in the United Kingdom and using these figures adjust them for differences in quality, construction, design and so on.

Now, I have said this to the Committee before. We, of the Department of National Revenue, are not experts in every field. So, in order to give a fair break to both the importer and the Canadian manufacturer, we sought the independent views of experts in the foot-wear industry—I am sorry, in foot-wear. The one gentleman was a foot-wear inspector with the Department of National Defence, the other gentleman was a foot-wear expert from the Department of Defence Production.

These gentlemen went into this case extremely fully. They cut the shoes into pieces, cut them right down the centre, noted all points of difference and made an evaluation, and the figure with which we came up eventually was based on the information that was secured from these experts.

**M. Émard:** A la page 5, on dit:

La mesure dans laquelle la discrétion administrative s'exercera à presque toutes les étapes de l'application des dispositions antidumping ne cesse de nous étonner.

Et un tout petit peu plus loin, on dit:

Il faudrait bien que le gouvernement énonce sa politique à cet égard.

## [Interpretation]

in the letters which I can table and send to the Committee English manufacturers say that their shoes would not be comparable in quality, they would be similar, but they would not be of the same quality.

So the gap was so great, we thought this was an easier case to use, than cases where there is not too much difference, with all sorts of discounts involved and so on.

**Mr. Émard:** Mr. Chairman, would the Department like to make a statement on this case?

**Le président:** M. Hind?

**M. Hind:** Oui, monsieur le président, j'en sais quelque chose. Je crois que nous devrions être très fiers comme fonctionnaires canadiens. Nous avons eu beaucoup de difficultés. Le témoin a dit que les chaussures fabriquées tout spécialement pour le Canada n'ont pas été vendues dans d'autres pays d'exportation, c'est-à-dire la Grande-Bretagne. Ce qu'il nous a fallu faire, il a fallu localiser des chaussures aussi semblables que possible qui étaient vendues dans le Royaume Uni et utiliser leur prix comme base de comparaison en tenant compte des différences de qualité, de modèle, etc.

J'ai déjà dit au Comité que nous du Revenu national ne sommes pas spécialistes dans tous les domaines; afin de donner un juste traitement aux importateurs et aux fabricants canadiens, nous avons demandé l'opinion des spécialistes dans l'industrie de la chaussure. Un monsieur était un inspecteur de chaussures du ministère de la Défense nationale, l'autre était un spécialiste de la chaussure du ministère de la production de la défense.

Ces spécialistes ont étudié le cas en profondeur, ils ont coupé les chaussures de long en large, noté les différences et obtenu une évaluation; le chiffre que nous avons produit en fin de compte était fondé sur les données obtenues de ces spécialistes.

**Mr. Émard:** On page 5 they say the latitude given the department with regard to anti-dumping decisions is astounding. And a little further it says: "The government will have to announce its policy in this respect."



## [Texte]

Croyez-vous qu'il serait suffisant que le gouvernement énonce sa politique à cet égard-là?

**M. Maheu:** Au moment où nous venions de terminer notre mémoire, nous avons vu, dans le *Financial Post* que des règlements avaient été apportés pour préciser la législation.

**Le président:** Le 31 octobre.

**M. Maheu:** Le 31 octobre. Nous n'en avons pris connaissance qu'après avoir préparé ce mémoire. Il est sûr que quand un jugement est laissé à la discrétion de quelqu'un, on risque que la décision soit longue à prendre. L'expérience passée nous laisse entrevoir que si l'administration n'est pas rapide et efficace, toute cette partie de la loi qui implique un jugement, comme la notion de préjudice, devient plus difficile et plus longue.

## ● 1230

Étant une association de fabricants, donc d'hommes d'affaires, nous sommes intéressés à une application rapide et efficace. Si nous en parlons, c'est que nous craignons que sans une administration réorganisée, nous aurons à souffrir, non pas des décisions du ministère, car celui-ci a été assez juste avec nous dans le passé, mais des délais. Et ces délais, comme je vous le mentionnais tout à l'heure, dans le cas des chaussures tchécoslovaques, cela a voulu dire trois usines qui discontinuent la production. C'est cette partie-là qui nous inquiète, c'est pourquoi nous y revenons toujours.

**Mr. Hind:** Mr. Chairman, I think the association can help itself by coming to us with cases of real injury, rather than with general statements that shoes are coming into Canada and they are hurting the industry. I would like to plead with them to come to us with well documented cases, cases where injury is being caused.

One of the witnesses has said that he is worried about importations from Roumania. In the year 1967, Roumania had .01 per cent of Canadian consumption. Now I ask myself whether that is either injury or threat of injury. The witness mentioned importations from Poland. In 1967 Poland had .3 per cent of the Canadian market. The witness has mentioned Czechoslovakia. In 1967 Czechoslovakia had 4 per cent of the Canadian market.

I think we can lose a lot of time and this causes delays if we are asked to undertake investigations where material injury is not being caused or threatened.

I think I would like to say at this point, too, that in the matter of importations, while

## [Interprétation]

Do you think it would be sufficient if the government did announce its policy in this regard?

**Mr. Maheu:** When we wrote our brief—when we finished it—we saw in the *Financial Post* that regulations had been set down to clarify or to supplement the Act.

**The Chairman:** October 31st.

**Mr. Maheu:** Yes, and we only saw these after we had finished the brief. Wherever there is discretion any power decisions take a long time. So prejudice is difficult to prove. This becomes more difficult and longer.

We are an association of manufacturers businessmen and we want a rapid and efficient enforcement. When we express concern this has nothing to do with the department's decision (as they have been fair to us in the past but rather the delay in arriving at a decision. Delays of this kind, as we pointed out a while ago in reference to imports of Czech footwear, meant that three factories had to close down. That's why we were afraid.

**M. Hind:** Monsieur le président, je crois que l'Association peut s'aider en venant nous trouver lorsqu'il y a des cas de préjudice, au lieu de faire des déclarations d'ordre général selon lesquelles les chaussures viennent au pays et font du tort à l'industrie. J'aimerais les exhorter de s'adresser à nous avec des cas bien documentés où on peut prouver le préjudice.

Un des témoins a dit qu'il s'inquiète des importations venant de la Roumanie. En 1967, la Roumanie avait .01 p. 100 de la consommation canadienne, et je me demande si cela représente un préjudice ou la menace de préjudice. On a aussi parlé des importations de la Pologne. En 1966, la Pologne avait .3 p. 100 du marché canadien. Le témoin a parlé de la Tchécoslovaquie; en 1967, la Tchécoslovaquie avait 4 p. 100 du marché canadien.

Et nous pouvons perdre beaucoup de temps, cela cause des retards, quand on nous demande d'enquêter sur des cas où le préjudice n'est pas réel, ou même menacé, où il n'y a pas vraiment préjudice ou menace de préjudice. Lorsque les données semblent affecter

## [Text]

the statistics seem to be large, namely 45 million pairs coming into Canada, I would suspect that perhaps upwards of 50 per cent of these shoes are cheap running shoes, rubber-soled canvas tops. So you must take that into account. This is one thing that brings down the average value of the goods coming into Canada.

**Mr. Maheu:** It is a fact that in 1967 Roumania was a very small exporter of foot-wear to Canada. I would say for 9 months in 1967 it was 2,100 pairs. For the same 9 months of 1968 there were 43,900, most of which were work shoes of exactly the same type of foot-wear I have in my office. We have people who are selling them and who are replacing Czech foot-wear at similar prices, even a bit lower.

The value of these 43,900 pairs according to DBS was \$95,000.

We know of many cases in the past where we made representations because we knew at the beginning of the year that some large buyers decided to buy from Roumania because they were not able to buy from Czechoslovakia. We mentioned that to the Department of National Revenue because in many cases, five years ago Czechoslovakia, Poland and Roumania were not even shipping .01 to Canada.

The new countries which emerged in one year such as Columbia, South America that exported more than a half million pairs in nine months, last year did not ship one pair to Canada. We mentioned Roumania because we were not sure if a common market existed between these Eastern European countries and one might be replacing the other.

As a matter of fact when some of our manufacturers went to their customers this year—wholesalers and large department stores—they found they had replaced part of their imports from Czechoslovakia with imports from Roumania.

## • 1235

**Mr. Gray:** Mr. Chairman, I think there is no question that this is a very important industry and its views are to be treated quite seriously, but I think I should again raise the point which was raised by Mr. Hales.

We are not here to study or debate the general problems of the foot-wear industry, nor are we here to review past actions of the Department of National Revenue with respect to complaints of dumping. For that matter, nor are we to have reproduced in this Committee what may be a forecast of the very firm discussions which will probably take

## [Interpretation]

des millions de chaussures, je dirais que la plupart de ces chaussures sont des souliers de courseurs, des souliers de toile, et voilà quelque chose qui réduit la valeur moyenne des produits venant au Canada.

**M. Maheu:** C'est un fait qu'en 1967, la Roumanie était un très petit exportateur de chaussures à destination du Canada. Pendant neuf mois en 1967, il y a eu 2,100 paires importées; au cours de la même période en 1968, il y en a eu 43,900, dont la plupart sont des souliers de travail, précisément le genre de chaussures que nous avons dans nos bureaux, qui remplacent les chaussures tchèques à un prix semblables et même au peu inférieur.

Alors, la valeur de ces 43,900 paires de chaussures est, selon le B.F.S., \$95,000. Nous avons eu des cas dans le passé, nous avons présenté des instances. Nous savions au début de l'année qu'il y avait de grands acheteurs qui avaient décidé d'acheter de la Roumanie parce qu'ils ne pouvaient acheter de la Tchécoslovaquie. Alors, nous avons signalé ce fait au ministère du Revenu national, parce que dans bien des cas, la Pologne, la Roumanie, la Tchécoslovaquie n'expédiaient pas même .01 p. 100 au Canada.

Les nouveaux pays qui expédient maintenant, qui sont devenus exportateurs dans un an, par exemple, comprennent la Colombie, expédiant près d'un demi-million de chaussures en neuf mois, contre aucune paire l'an dernier. Nous avons mentionné la Roumanie parce que nous n'étions pas certains qu'il y avait un marché commun entre les pays de l'Europe de l'Est, leur permettant de se remplacer l'un l'autre. Certains de nos fabricants ont appris de leurs clients, des magasins à rayons, etc., que ces derniers ont remplacé les importations de Tchécoslovaquie par des importations de Roumanie.

**M. Gray:** Je veux soulever à nouveau le problème mentionné par M. Hind. Nous ne sommes pas ici pour discuter des problèmes d'ordre général de l'industrie de la chaussure, ni pour reviser l'action passée du ministère du Revenu national par rapport au dumping. Non plus, sommes-nous ici pour avoir une idée des discussions fermes qui auront probablement lieu au moment de la mise en vigueur de la nouvelle loi. Mais, suivant les remarques de M. Hales, je crois que nous devons avoir à l'esprit, non seulement le comité mais le témoin, que nous sommes ici



## [Texte]

place between Mr. Maheu, his colleagues and officials of the Department of National Revenue when the proposed Bill act is in force.

Following along the remarks made by Mr. Hales, I think we should keep in mind—this should apply to everyone, members of the Committee and witnesses—that we are here to get their views on the draft Bill.

**The Chairman:** But you will agree, Mr. Gray, that other witnesses did not always relate their questions or replies to the draft Bill.

**Mr. Gray:** That is right and naturally, I think, Mr. Chairman, you quite correctly allowed a certain latitude, but if we do not attempt to keep an eye on our main objective, we may find ourselves here between Christmas and New Year.

**The Chairman:** Thank you, Mr. Gray.

**Mr. Gray:** I might add, since I am really supporting Mr. Hales' remarks, you can see that this is what you might call a non-partisan approach to this matter.

**Mr. Hales:** I promise my question will be in line.

**Mr. Levetus:** Mr. Chairman, could I ask a question? Something just occurred to me and I do not believe it is covered here, but it refers to dumping. I understand in the past when the fair market value was lower than the selling price to purchasers in Canada as shown on the invoice, that dumping duty was automatically applied.

There was no application, nothing. The government officials themselves automatically applied dumping duty in that case. Now what would be the reaction in future, if the fair market value on invoices was shown at a lower price than the selling price of the purchaser in Canada?

**Mr. Gray:** Under the law—perhaps I might summarize—there is a requirement that injury be demonstrated.

**Mr. Levetus:** Yes, but in the past it was not.

**Mr. Gray:** This is one of the differences.

**Mr. Levetus:** Yes, under the new law injury must be demonstrated, but if there were a lower fair market value shown than the price to the purchaser in Canada, no producer in Canada would know about it. The government would be the only one to know about it. They would have the invoices which would show that the goods were being sold at a lower price, but the actual manufacturer in Canada would have no way of knowing that.

## [Interprétation]

pour obtenir leurs opinions sur l'avant-projet de loi.

**Le président:** Vous admettez M. Gray, que les autres témoins n'ont pas toujours établi un lien entre leurs questions ou réponses et le projet de loi.

**M. Gray:** Je crois que vous avez raison. Et je crois, monsieur le président, que vous aviez raison d'être assez souple. Mais, si nous ne disons pas, nous ne faisons pas en sorte d'en rester à l'objectif principal, nous serons ici jusqu'à Noël.

**Le président:** Merci monsieur Gray.

**M. Gray:** Puis-je ajouter que j'appuie les remarques de M. Hales, pour montrer que c'est une approche objective à la question.

**M. Hales:** Je promets de m'en tenir au sujet.

**M. Levetus:** Monsieur le président, puis-je poser une question? Quelque chose dont on ne parle pas ici et qui a rapport au dumping. Je crois que, dans le passé, quand la juste valeur marchande était moindre que le prix de vente aux acheteurs au Canada on imposait des droits de dumping. Alors, quelle serait la réaction à l'avenir, sur la juste valeur marchande paraissant sur la facture, était moindre que le prix au Canada?

**M. Gray:** Aux termes de la loi, je peux peut-être résumer, on exige que la preuve du préjudice soit établie.

**M. Levetus:** Mais cela n'était pas nécessaire, autrefois!

**M. Gray:** C'est l'une des différences.

**M. Levetus:** Aux termes de la nouvelle loi, il faut prouver le préjudice; si la juste valeur marchande indiquée est plus faible que le prix à l'acheteur au Canada, aucun fabricant au Canada ne serait au courant. Le gouvernement serait le seul à savoir que des produits sont vendus à des prix moindres, mais le fabricant lui ne pourrait le savoir.

[Text]

**Mr. Gray:** Mr. Hind has already told the Committee that they already have and will intensify a surveillance procedure with respect to a list of sensitive commodities and I would be very surprised if foot-wear were not on the list. Mr. Hind is agreeing with me which means that the Department will be in a position to make use of the authority which it is going to be given under the draft Bill to institute investigations and so on on its own initiative without receipt of complaints with respect to goods on the sensitive list.

However, one must keep in mind that there are changes being made in the scheme of anti-dumping legislation to be consistent with the undertakings we and some of the other countries entered into in signing the Anti-Dumping Code.

**Mr. Levetus:** Yes, but what I was referring to was that if the Department does discover the invoices are coming through with the fair market value lower than selling price to purchasers in Canada, under the White Paper it would be dumping.

**The Chairman:** Can you speak louder please.

**Mr. Levetus:** When the department did discover that the invoices were showing a lower price for home consumption than the assigned price to the purchaser in Canada, under the White Paper dumping could be assessed if injury was proved. Could the Department start some kind of a procedure to inform any manufacture who might be injured that this was happening?

**Mr. Hind:** I have no desire to lengthen this discussion unnecessarily, Mr. Chairman, but I can answer that question. If we, in future, under the new law see that the fair market value is higher than the selling price, this would raise a red light to us, and we would look deeper into it. I must tell you, however, that the fair market value does not equate out with the normal value.

Under the new law you are not looking at fair market value any more, you are looking at normal value and under the new law normal value can quite legitimately be below the fair market value. However, as I said before, when we see a difference we will certainly start looking.

• 1240

**Mr. Émard:** Monsieur le président, on a exprimé une certaine crainte tout à l'heure quant à la discrétion qui doit être exercée par les fonctionnaires du ministère et aux délais

[Interpretation]

**M. Gray:** Monsieur Hind a déjà dit au comité qu'ils ont déjà intensifié une procédure de surveillance, de contrôle sur un certain nombre de marchandises. Je m'étonnerais que la chaussure n'y figure pas. Cela veut dire que le ministère serait en position de faire des enquêtes sans attendre les griefs. Mais il faut se rappeler qu'il y a des changements qui se font quant à la loi sur l'antidumping, conformes aux engagements que nous avons pris envers les autres pays qui ont, eux aussi, signé le code.

**M. Levetus:** Si le gouvernement découvre que les factures portent une juste valeur marchande plus basse que le prix de vente aux acheteurs au Canada, il conclurait à du dumping?

**Le président:** Parlez plus fort, s'il vous plaît.

**M. Levetus:** Lorsque le ministère a reçu les factures et s'est rendu compte que les commandes indiquaient un prix pour la consommation intérieure plus bas que le prix à l'acheteur au Canada, conformément au Livre blanc, alors, on pouvait évaluer le dumping si on prouvait le préjudice. Le gouvernement a-t-il alors quelque façon de faire savoir aux fabricants qu'ils risquent de subir un préjudice?

**M. Hind:** Je ne veux pas poursuivre la discussion inutilement, monsieur le président, mais je peux répondre. Si à l'avenir, conformément à la nouvelle loi, si nous voyons que la juste valeur marchande est plus élevée que le prix de vente, cela allumerait vraiment une lumière rouge et nous regarderions cela avec soin. Je peux aussi dire que la juste valeur marchande n'est pas égale à la valeur normale.

Conformément à la nouvelle loi, on ne tiendra plus compte de la juste valeur marchande, mais la valeur normale, et conformément à la nouvelle loi, la valeur normale peut être au-dessous de la valeur du marché. Lorsque nous verrons une différence, nous commencerons à faire enquête.

**Mr. Émard:** Mr. Chairman. Real concern was expressed concerning the discretion any powers of the officials of the department and the delays involved. I would like to know



[Texte]

qui seront encourus. Maintenant, dans un cas où vous exercez tous vos droits d'appel, et où vous n'êtes pas satisfaits de l'application de la présente loi, que faites-vous?

**M. Maheu:** Quand, voulez-vous dire...

**M. Émard:** Vous avez exercé tous vos droits d'appel, vous êtes allés au tribunal, en somme, vous avez fait tout ce qu'il y avait à faire, mais vous n'êtes pas satisfaits de l'application de la présente loi, que faites-vous?

**M. Maheu:** Bien, je pense que la seule chose qui nous resterait à faire, démocratiquement, serait de faire des représentations ici, à Ottawa. Parce que je pense...

**Le président:** Ou bien, auprès de leur député!

Votre question est très hypothétique, monsieur Émard.

**M. Émard:** Non, elle n'est pas hypothétique du tout, parce que je crois que c'est le moment où jamais où nous devrions avoir dans la loi certaines clauses pour prévoir si...

**Le président:** Monsieur Émard, je suis certain que vous êtes bien au courant du contenu du Livre blanc que nous avons devant nous. Il y a des moyens, pour l'Association, lorsqu'elle n'est pas satisfaite des déclarations, des décisions du ministère du Revenu national, de faire appel au tribunal ou à la Commission des tarifs ou encore à la Cour de l'Échiquier si on discute de la loi elle-même. Après cela, bien, comme M. Maheu vous a répondu, faire appel ou faire des représentations auprès du gouvernement.

**M. Émard:** Mais je pose ma question aux manufacturiers de la chaussure, elle pourrait tout aussi bien s'adresser à n'importe qui, à n'importe quelle organisation qui est venue ici.

On ne sait pas encore comment la loi va fonctionner. Vrai ou faux, on ne le sait pas. Alors, c'est ce que je voudrais savoir. Actuellement, que reste-t-il, quel recours y a-t-il pour ces gens qui sont affectés par la présente loi, s'ils ne sont pas satisfaits de la loi elle-même ou de son application?

**Le président:** Comme tout autre groupe qui n'est pas satisfait des lois existantes, c'est de faire des représentations au gouvernement, monsieur Émard. Je ne crois pas que M. Maheu...

**M. Émard:** Je ne demanderai pas ce que le gouvernement pourrait faire après que la loi sera passée.

[Interprétation]

when you will have used all recourse, available... appeal etc.. if you are not satisfied with the present law what will you do?

**Mr. Maheu:** When?

**Mr. Émard:** I mean when you have used all your rights before the Tribunal and if you are not satisfied with this law, what will you do next?

**Mr. Maheu:** The only thing would be to submit or complain to Ottawa. Democratically speaking...

**The Chairman:** Or complain to their M.P. Your question is rather hypothetical, Mr. Émard.

**Mr. Émard:** No, it is very clear, I think now is the time to put the necessary clauses and to anticipate cases where...

**The Chairman:** Mr. Émard, I am sure you have read the White Paper. There are certain means that can be used by an association if they are not satisfied with the decision of the Department. They can present their case to the courts or the Tariff Commission or even to the Exchequer court if the act itself is involved. After that they can put their case to the government.

**Mr. Émard:** But my question is addressed to the shoe manufacturer—I might have put it to any other body that came here. We still do not know how the law will work. I do not want to know what other recourse will exist for those who have been injured if they are not satisfied with the law or its application.

**The Chairman:** Like any other body they can submit their case to the government.

**Mr. Émard:** I am not asking what the government will do later.

[Text]

**Le président:** Bien voici, monsieur Maheu, est-ce que vous pouvez répondre?

**M. Maheu:** Il est arrivé que nous n'ayons pas été satisfaits d'une décision du ministère du Revenu national, dans le cas des chaussures de Tchécoslovaquie, par exemple. Alors, nous sommes revenus à la charge et avons rencontré un certain nombre de membres du Parlement et leur avons demandé que la question soit étudiée de nouveau. Je sais qu'il y a des procédures judiciaires et je sais que la Commission du tarif, le *Tariff Board* existe. Mais, souvent, c'est encore une cause de délai.

Le moyen auquel nous avons eu recours a été de rencontrer des législateurs afin de leur faire savoir que, d'après nous, nous avions une très bonne cause pour laquelle nous n'avions pas eu une solution. A ce moment-là, l'affaire a été soumise à une autre étude et, finalement, nous avons obtenu une décision.

**M. Lambert (Edmonton Ouest):** Monsieur le président, j'aimerais attirer l'attention du Comité à une partie du mémoire page 6 de la version anglaise. Cela a trait au problème que nous avons soulevé lors de la présentation, par d'autres groupements, de ce qu'ils appellent *One free dump*.

Mais l'Association des fabricants de chaussures du Canada va plus loin et indique qu'elle craint qu'il y ait une série de *Free Dump*. Pourriez-vous nous dire plus en détail comment vous prévoyez que la loi va fonctionner et de quelle façon cela va vous affecter? Je sais bien que ceci se rapporte, pour une large part, au problème que vous avez avec le ministère du Revenu national relativement aux chaussures importées de la Tchécoslovaquie et c'est pour cette raison que j'estimais que la discussion était pertinente. Franchement, vous vous plaignez, ou vous exprimez une crainte de délai dans l'administration, c'est cela n'est-ce pas?

• 1245

**M. Maheu:** C'est cela, monsieur Lambert. Actuellement, si on a mentionné deux questions dans le mémoire en langue anglaise—what massive constitutes a massive importation and what is a relatively short period of time.—C'est ce que nous avons à envisager présentement. J'ai mentionné tout à l'heure la Roumanie qui exposait de 2,000 à 43,000 paires. Est-ce cela constitue une importation massive? La période de neuf mois, qui s'est écoulée depuis qu'on a porté ce problème à l'attention du ministère du Revenu national, constitue-t-elle une courte période?

Nous nous demandions: qu'arrivera-t-il avec la législation telle qu'elle est proposée actuellement? A ces questions, nous ne pou-

[Interpretation]

**The Chairman:** Can you answer that, Mr. Maheu?

**Mr. Maheu:** Right now when we are not satisfied with the decision taken by the Department of National Revenue in the case of the Czechoslovakian shoes we came back and we met certain M.P.'s and asked them to re-open that question. There are legal procedures that can be followed and there is also the Tariff Board. Also we have met the legislators to say that our case was a good one the solution was not satisfactory and the matter was then re-examined and we finally got another decision.

**Mr. Lambert (Edmonton West):** Mr. Chairman, I would like to draw your attention on a section of the brief, page 6 of the English text concerning the problem mentioned by other associations. It is called one free dump.

The Association of Shoe Manufacturers goes further and it fears a series of free dumps. Could you explain how do you think the act will be applied and how this will have an influence on you. I know that this has to do with the problem you submitted to the Department of National Revenue concerning Czechoslovakian shoes and for this reason I think that our discussion is very much to the point. You have mentioned the administrative delays and expressed considerable concern about this?

**Mr. Maheu:** We mentioned two points in our English brief we mentioned massive imports and short periods of time. There is a case of the Rumanian shoes where exports went from 2,000 pairs to 40,000 pairs. Is that what you call a massive import? It was nine months between the time we brought this to the attention of the Department. Is that what you call a short period? We want to know now what will happen with the new act and we were not able to answer these questions because we are not the ones who will interpret the new statute.



[Texte]

vions y répondre puisque ce n'est pas nous qui interprétons le nouveau statut.

**M. Lambert:** Eh bien, je crois bien que vous avez souligné dans votre mémoire, le grand problème de toute la proposition de cette loi et que, moyennant que l'administration soit efficace et prompte, on peut écrire tout un volume de lois et cela ne donne aucune protection.

Mais comment prévoyez-vous la série de ce qu'on appelle «dumping libre»? Est-ce parce qu'il n'y a que 90 jours de rétroactivité?

**M. Maheu:** Exactement, c'est le nombre de jours de rétroactivité. Tout notre mémoire peut se résumer à ceci, c'est que si l'administration est rapide et efficace, si la décision est prise avant les 90 jours, alors, cela veut dire que les chaussures en provenance de Roumanie, par exemple, seraient sujettes à des droits de dumping. Par ailleurs, si la décision vient après neuf ou douze mois, à ce moment là le mal sera fait et le préjudice causé à notre industrie. C'est cela.

**M. Lambert (Edmonton-Ouest):** Êtes-vous en mesure, comme industrie ou groupement de manufacturiers, d'intercepter ou bien de trouver des indications d'importation à prix soi-disant de dumping ou si vous devez attendre qu'une procédure plutôt élaborée prise par vos clients, qui trouvent qu'il y a de la concurrence soit terminée? Avez-vous un système, comment dirais-je, d'espionnage dans votre industrie et sur le marché au détail?

**M. Maheu:** Pour répondre à votre question, je dirais qu'on n'a pas, ce qu'on peut dire, un système organisé pour dépister le dumping.

**M. Lambert (Edmonton-Ouest):** Je n'aurais pas dû me servir du mot «espionnage», de surveillance?

**M. Maheu:** De surveillance! La plupart du temps, ce sont des fabricants qui, voyant leurs ventes diminuées, demandent à leurs clients pourquoi ils ont diminué leurs achats? Et la plupart du temps, ce qui est assez rare, même les grands magasins vont tout simplement donner comme raison: vois-tu, je viens d'acheter de Roumanie, tant de paires de chaussures à tel prix. C'est à ce moment-là seulement que nous en sommes informés et que nous pouvons commencer à faire des représentations auprès du ministère du revenu national.

Il y a beaucoup de cas où les fabricants ne sont même pas informés ou ils le sont après un an, un an et demi, deux ans, lorsque le délai est expiré et, à ce moment-là, c'est plus difficile de faire des représentations.

[Interprétation]

**Mr. Lambert (Edmonton West):** You mentioned in your brief that the main problems in this act is even if the administration is efficient a whole statute book would not give us more protection. How do you see this series of free dumps, is it because we have only a 90-day period of retroactivity?

**Mr. Maheu:** Yes. This is our whole brief in fact. If the administration is rapid and efficient, if the decision is made before 90 days it means in the case of Rumanian shoes they would have to pay dumping duties. If the decision is made a year later, the harm will be done and our industry will have suffered. That's our point.

**Mr. Lambert (Edmonton West):** Is your Association, as a manufacturers' group able to say that certain imports were brought in at dumping prices or do you have to wait till your customers—complain of undue competition or do you have some spies in other words, in your industry, and on the retail market?

**Mr. Maheu:** We do not have an organized system to detect dumping.

**Mr. Lambert (Edmonton-West):** I should have said "supervision", rather than spies.

**Mr. Maheu:** Most of the time manufacturers see that their sales are going down, and they ask their customers why their purchases were lower. And occasionally even the large department stores will say: "Well we bought shoes from Rumania at such and such a price", and only then we know what happened and then we are able to submit our case to the Department of National Revenue.

In many cases the manufacturers do not even know what happened or they are informed a year or two later so then it is more difficult to submit our case to the government, and in many instances we notice

## [Text]

Souvent, aussi, on s'est rendu compte que lorsqu'on faisait des représentations, les importateurs augmentaient légèrement leurs prix afin, peut-être, de faire preuve de bonne volonté auprès du ministère du Revenu national. Le cas de la Tchécoslovaquie en est un où on a augmenté de \$2.94 à \$3.04. J'ai un exemplaire de leur mémoire, où on souligne d'ailleurs qu'ils se proposaient de l'augmenter.

Et il y a des cas où les importateurs, mis au courant qu'il y a une enquête, surtout dans le cas des pays à économie contrôlée ou les pays de l'Europe de l'Est, où c'est habituellement l'attaché commercial ou l'ambassadeur qui s'en occupe, ils sont, donc la plupart du temps, très au courant de la situation. Ils le sont parce que le ministère doit les informer qu'il y a une enquête et s'il n'y a qu'un importateur en cause, habituellement, il s'adresse directement à l'ambassade de ce pays-là. L'importateur en question, dans le cas de la Tchécoslovaquie, je ne nommerai pas le nom, est un importateur, pour tout le Canada, de la chaussure tchécoslovaque.

Il s'adresse à l'ambassadeur ou à l'attaché commercial ici, à Ottawa, pour l'aider à ce que la Tchécoslovaquie continue ses exportations au Canada.

On n'a absolument pas demandé de restriction, on a tout simplement demandé que le prix en soit un d'une valeur normale, selon la définition de la nouvelle législation et auparavant, on avait demandé le *Fair Market Value* ou la valeur du marché, cela n'existe pas là-bas. On a demandé une réévaluation sur la base des renseignements obtenus. Cela a pris environ une année pour les avoir, parce que les importateurs ne nous fourniront pas les renseignements, il faut les obtenir de différentes sources et c'est ce qui est difficile et rend la procédure très lente et très difficile pour le fabricant qui porte plainte.

Parce que s'il y a un secret entre le fournisseur, l'importateur et le détaillant, s'il y a une entente et que cela mette en cause un très grande chaîne ou une série de magasins à rayons au Canada, il se peut qu'on ne soit jamais informé, en d'autres occasions on l'a été.

**M. Lambert:** Je poserais une dernière question, monsieur le président. J'ai à vous faire part d'une expérience personnelle. Je voulais acheter des chaussures pour moi-même, d'une marque bien connue. Le fabricant au Canada avait placé une commande pour un certain genre de chaussures pour hommes, il les a fait fabriquer dans un pays étranger et les a importées ici. Je serais d'avis qu'il y avait peut-être eu dumping. Il n'était pas intéressé, il avait cessé la fabrication de ce genre et de

## [Interpretation]

that when we submitted our case, the importers started to sell at higher prices as apparent proof of good will. In the case of Czechoslovakia the price went up from \$2.94 to \$3.04.

I have a copy of that letter and when the importers learned that an inquiry is going on especially in Eastern Europe where the prices and economy are controlled, the commercial attachés or the ambassador looks after that question because they are very aware of what is going on because they have to be informed by the Department that an inquiry is going on, and if there is only one importer involved he usually goes directly to the Embassy of the exporting country. In the case of Czechoslovakia there is one importer in Canada for Czechoslovakian shoes, his business is nationwide and he—I will not name him—goes to the Czech ambassador or commercial attaché in Ottawa to get help to ensure continuation of imports.

We wanted them to have a price at a normal value according to the new definition given in the Bill. We asked previously for the fair market value which does not exist in that country so we wanted a revaluation in the light of our information. It took a year or so to get complete information, we cannot obtain it from the importers it has to be sought from various sources. So it is very difficult and very slow when a manufacturer complains because if there is a deal between all of them. Because when large chain stores are concerned or large department stores, we may never get at the truth, but in certain cases we did get the facts.

**Mr. Lambert (Edmonton-West):** One last question, Mr. Chairman. I wonder this is my personal experience in retail trade. I wanted to buy a well-known brand of shoes. The Canadian manufacturer ordered a certain style of men's shoes and had them made in a foreign country and imported here. I would say that this may have been a case of dumping because the manufacturer had stopped making that particular style and brand of shoes, and became a wholesale importer and



## [Texte]

cette marque de chaussures, mais il agissait comme importateur et grossiste. Alors, l'industrie elle-même sait-elle si cela se fait parmi ses membres?

**M. Maheu:** Nous avons discuté de deux cas précédemment. Les chaussures de Tchécoslovaquie sont importées au Canada par une corporation qui appartient à une entreprise américaine, membre de l'Association. Il a toujours été accepté au niveau du conseil d'administration et des membres que ce qui était illégal est injuste. Et les chaussures de Roumanie ont été importées au Canada par une filiale d'une entreprise canadienne qui a formé une compagnie d'importation.

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Dans plusieurs cas, ce sont les grands magasins qui importent directement et dans ces deux cas-là, au début, la compagnie canadienne n'était pas membre de l'Association; elle a été achetée par une grande compagnie américaine, qui a des usines ici au Canada et cela rend le problème d'autant plus difficile. Un des buts des entreprises, c'est d'être rentables afin de pouvoir se mécaniser et payer de meilleurs salaires à leurs employés. Donc, lorsqu'une entreprise fait de moins en moins de bénéfices à cause de sa fabrication canadienne, elle fait souvent comme certains détaillants, elle supplémente sa production, il y a certains fabricants qui importent. Ils importent la plupart du temps, non pas des chaussures qui entrent en concurrence directement avec les chaussures qu'ils fabriquent, mais un autre genre de chaussures qui à ce moment-là, peuvent devenir concurrentielles à des chaussures produites par un autre fabricant canadien.

Et dans la plupart des cas, par exemple, les chaussures en provenance du Japon, la presque totalité est importée par de grandes maisons contrôlées par des firmes japonaises comme Seito etc. parmi les plus grands ici au Canada et qui ne sont, à ce moment-là, ni fabricants ni membres de l'Association.

Le fait d'être membre n'a pas empêché certains fabricants, je dois le dire parce que c'est un fait, d'importer. S'ils ont importé, c'était pour améliorer leur situation au point de vue profit et je pense que le profit est le seul moyen d'obtenir de l'amélioration. Au ministère de l'Industrie, on nous prêche la productivité, la mécanisation, donc, il faudrait prendre de l'argent pour investir.

**M. Lambert (Edmonton-Ouest):** Oui, mais monsieur Maheu, la question n'est pas l'importation. Ce qui nous intéresse, c'est la pratique de dumping. Êtes-vous au courant, selon vos renseignements ou votre surveillances, s'il y a dans votre Association, des membres qui ont importé certaines lignes de chaussures

## [Interprétation]

distributor. So I would like to know if your industry knows whether its members engage in this practice?

**Mr. Maheu:** Right now we discussed two cases, the Czechoslovakian shoes imported in Canada by an American concern, a member of our Association, and it was accepted by our members at the Administrative level as being in order no pressure was brought to bear. In the case of Rumanian shoes the imports were made by a Canadian subsidiary that set up an importing firm.

In other cases the large department stores import their goods direct and the Canadian company was not a member of this Association. It was bought up by a large American firm with factories here in Canada so the problem is made more complex then because Canadian firms want to increase profits they want to be more modern to automate and pay higher wages so when their profits are too low because the goods are made in Canada, they do the same thing as certain retailers: they import part of their goods. They do not import shoes that compete directly with their own production, but other types of shoes that can compete with the goods made by their Canadian competitors.

So in most cases, for instance, Japanese shoes most of these Japanese shoes are imported by large firms controlled by Japanese firms such as *Mi Chee Toe* if I understood correctly, they are not manufacturers, nor members of our Association. But even certain members imported certain categories of goods to improve their profits and we are always told that we have to be more productive so this is one way to do it.

**Mr. Lambert (Edmonton West):** Yes, but we are concerned here with dumping. Not regular imports. Do you have information or are you aware of members of your Association importing certain products from overseas at a price that could be considered a dumping price?

[Text]

d'un pays outre-mer, à un prix qu'on considérerait en être un de dumping?

[Interpretation]

**M. Maheu:** Non, je ne suis pas au courant sauf, je le répète encore, dans le cas d'une petite quantité de chaussures en provenance de Pologne, parce que ce pays vend à plusieurs importateurs au Canada et on a fait des représentations à ce sujet-là. D'ailleurs, nos représentations sont actuellement devant le ministère du Revenu national, ce sont des bottes de travail encore; et c'est le seul cas qu'on connaisse. Au sujet des chaussures de Tchécoslovaquie, il s'agissait d'une entreprise complètement indépendante qui s'appelait «Standard Corporation» qui importait, c'est-à-dire, qui n'avait aucune relation avec nous. Si on était au courant et s'il y avait des plaintes de fabricants à l'effet qu'un de nos membres importe, à ce moment-là, on demanderait au ministère du Revenu national d'appliquer la Loi antidumping.

**Mr. Maheu:** No, I have no knowledge of this, except in the case of a small quantity of shoes from Poland because Poland sells to many Canadian importers and representations on this matter are presently before the Department of National Revenue. It has to do with work boots again, and this is the only case we are aware of. Regarding, Czechoslovakian shoes, it was a completely independent concern which called itself "Standard Corporation" which did the importing i.e., they had no ties with us. But if we were aware of the situation, and if there were complaints from manufacturers to the effect that one of our members is importing, then we would ask the Department of National Revenue to apply the anti-dumping legislation.

**Mr. Hales:** Mr. Chairman, further to what Mr. Lambert has said, I would like to ask the Association if they have had experiences where importers would bring in large quantities of foot-wear, possibly one big deal or to use the new term "one large dump of shoes" and then go bankrupt. In other words, a one-shot operator. Has much of this happened?

**M. Hales:** Monsieur le président, pour faire suite à ce que M. Lambert a dit, je veux demander à l'association s'ils ont fait l'expérience d'importateurs qui font venir des grandes quantités de chaussures en dumping peut-être une livraison massive et ensuite, ils font banqueroute. Cela s'est-il produit souvent?

**M. Maheu:** On a eu l'expérience de certains petits importateurs qui ont fermé leurs portes. Quant aux importateurs, plus importants, je pense qu'au point de vue financier ils sont passablement solides dans notre industrie, ils sont très solides, présentement.

**Mr. Maheu:** We have had the experience of some small importers who had to close their doors. When the large importers are concerned though I think that financially they are rather solid in our industry, in fact, at present they are very solid.

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**Mr. Hales:** I guess Mr. Maheu is aware that under Part IV General the retailer will be responsible for payment of any dumping duty. Are you aware of that?

**M. Hales:** M. Maheu, alors, vous savez que les détaillants maintenant sont tenus de payer les droits de dumping?

**Mr. Maheu:** I think this is a very big improvement in the legislation.

**M. Maheu:** Oui, je crois que c'est une grosse amélioration.

**Mr. Shlora:** Does this apply to the retailer or the wholesaler?

**M. Shlora:** Cela s'applique au détaillant ou au grossiste?

**Mr. Hales:** The first customer.

**M. Hales:** Au premier client.

**Mr. Shlora:** It could be the wholesaler or the manufacturer.

**M. Shlora:** Ça peut être le grossiste comme le détaillant.

**Mr. Hales:** The other question I had was along the line of Mr. Gillespie's question. It is quite evident that the definition for "like goods" is very, very important to the shoe industry. However, I do not think we got a final answer from Mr. Maheu on whether or not this new definition:

**M. Hales:** L'autre question que je voudrais poser, un peu dans le genre de la question de M. Gillespie, concerne la définition des produits semblables qui semble très importante pour l'industrie de la chaussure. Je ne crois pas que nous ayons reçu une réponse définitive de M. Maheu à savoir si cette nouvelle définition «dont les traits caractéristiques ressemblent aux produits», satisfait l'Association.

...goods the characteristics of which closely resemble those of the said goods; was satisfactory to their Association.



[Texte]

In the case of the work shoes from Rumania, would the word "characteristics" have been sufficient to determine whether those work shoes were "like goods" or not? I would like to ask the draftsmen to define the word "characteristics". Would the definition spell out whether they were alike, whether the Rumanian shoes had leather or synthetic soles, or different types of uppers and so on? After we have heard the draftsmen's views, I would like Mr. Maheu to tell the Committee if he feels this definition of "like goods" is satisfactory to their organization.

**The Chairman:** Mr. Arthur?

**Mr. Arthur:** Mr. Chairman, the interpretation of the words to which Mr. Hales referred would be a matter of judgment and it would be a judgment on the part of the Department of National Revenue and on the part of the Tribunal.

**Mr. Hales:** Mr. Maheu, do you feel now that the definition of "like goods" is going to be satisfactory under the proposed legislation?

**Mr. Maheu:** The reason we asked to have this paragraph added: "Goods that replace other closely resembling goods in the purchases of the customer," even though it is similar to clause 2(g), was because we have tried many times to get an interpretation of "characteristics" in terms of competition in use.

In other words, if men's dress shoes being sold, let us say, in Eaton's have Corfam uppers and leather soles are replaced by shoes from Czechoslovakia with leather uppers, and rubber soles, the "characteristics" of these two examples closely resemble each other, but as Mr. Arthur mentioned, it is a matter of judgment.

There is no question that in the legislation you cannot define each type of fur, for instance, but in our case where consumer goods are concerned, competition in use is very important. In other types of industry which sell to manufacturers, it is a different question. It is easier to define.

• 1300

**Mr. Hales:** It would appear, Mr. Chairman, that the drafting of the legislation has gone about as far as it can in this regard. Would Mr. Arthur like to comment on that?

**The Chairman:** I have no objection to that, Mr. Hales, but possibly we could wait until this afternoon after an explanation has been given by Mr. Rod Grey.

[Interprétation]

Dans le cas de la Roumanie, est-ce que l'expression «trait caractéristique» est suffisant pour décider si ces chaussures sont des produits semblables et je veux demander à celui qui a rédigé la loi, si l'expression «trait caractéristique» permet de distinguer entre des chaussures à semelles de cuir ou synthétiques, etc. Après avoir entendu l'opinion du rédacteur, j'aimerais aussi avoir l'opinion de M. Maheu sur les produits semblables.

**Le président:** M. Arthur?

**M. Arthur:** L'interprétation des termes auxquels M. Hales a fait allusion constitue une question de jugement de la part du ministère du Revenu national et du tribunal.

**M. Hales:** Monsieur Maheu, croyez-vous que la définition des produits semblables sera satisfaisante aux termes de la nouvelle loi?

**M. Maheu:** La seule raison pour laquelle nous demandons d'ajouter un paragraphe pour la définition des produits semblables, produits qui remplacent d'autres produits analogues, c'est parce que nous voulons toujours trouver une interprétation des traits caractéristiques, surtout par rapport à la concurrence.

En d'autres mots, si nous disons que nous vendions des chaussures d'hommes de qualité chez Eaton et que le genre de chaussures que nous vendions avaient des dessus de Corfam, et des semelles de cuir, et que ces chaussures ont été remplacées par des chaussures venant de la Tchécoslovaquie, qui ont des dessus de cuir et une semelle de caoutchouc, les traits caractéristiques sont semblables, mais comme le disait M. Arthur, c'est une question de jugement. Nul doute que dans la loi, on ne peut définir chaque genre de produit. Quand ce sont des biens à la consommation, la concurrence y fait beaucoup. Dans d'autres industries, c'est différent: les produits sont plus faciles à définir.

**M. Hales:** Alors il semble que la loi, le libellé de la loi va aussi loin que nous puissions aller. Est-ce que M. Arthur aurait quelque chose à dire là-dessus?

**Le président:** J'aimerais d'abord entendre l'explication de M. Rod Grey.

[Text]

**Mr. Lambert (Edmonton-West):** I want to raise a point of order. Mr. Chairman, the House business this afternoon is the consideration of second reading of the Customs Tariff Bill, where both Mr. Gray and myself must be as well as, I think, a number of other members of the Committee. It is related to the discussion here.

We are now posed with a terrible problem. I do not want to delay these witnesses; they have made their representations; I do not want to cut them off. However, there is a problem with Mr. Grey and his people. Several of us who have put a lot of questions to Mr. Grey on which he—I know as I have already had pre-information—is going to give us replies and make certain suggestions, will not be here this afternoon.

**The Chairman:** Mr. Lambert, you know very well that we, too, are working against a deadline. As the Chairman of a Committee I have a job to do. In cases where a member cannot be present, he is asked to find a replacement, but if the Committee has to delay its work because a member has to be in the House of Commons, I do not know when the White Paper will be returned to the House.

**Mr. Lambert (Edmonton-West):** I would suggest to you, Mr. Chairman—

**The Chairman:** Are you through, Mr. Hales?

**Mr. Lambert (Edmonton-West):** —a number of the members here will not be present. You might as well be talking into an empty barrel. Let us not have this idea—

**The Chairman:** I will not go that far, Mr. Lambert, because I know Mr. Herb Gray will not be in this afternoon, because he said he will be in the House of Commons.

He might not be here, but I know very well other members will be here and if we have to delay hearing from Mr. Grey, it is up to you, gentlemen, but I do not want to be responsible, as Chairman, for the House sitting between Christmas and New Year. The way we are going, this is what will happen.

**Mr. Lambert (Edmonton-West):** I do not know. I feel satisfied that with the answers Mr. Grey will give us, the discussion will move along very quickly thereafter.

**Mr. Gray:** May I ask a question—

**The Chairman:** Before you do, I would like to reply to Mr. Lambert. When we received the brief from Mr. Henry, it was mentioned we would be through in half an hour. It is

[Interpretation]

**M. Lambert (Edmonton-Ouest):** J'invoque le règlement. Les travaux de la Chambre, cet après-midi, va être la deuxième lecture de la loi sur les tarifs douaniers. Je crois que M. Gray et moi y seront et d'autres députés également. Cela se rapporte au débat, aux discussions. Nous avons un problème assez difficile à résoudre. Je ne veux pas retarder les travaux, nos témoins, ils ont présenté leur exposé mais, justement, il y a un problème ici: plusieurs d'entre nous ont posé beaucoup de questions à M. Grey et je crois qu'il va donner des réponses et faire des propositions, et pourtant, nous ne serons pas ici cet après-midi.

**Le président:** Mais, monsieur Lambert, vous savez bien que nous avons justement un délai établi, un délai limite. Le président du Comité a ses fonctions. Il s'attache à remplir ses fonctions et si un membre n'est pas ici, il doit être remplacé. Mais, si le Comité doit retarder son travail chaque fois qu'un député est retenu à la Chambre, je ne peux dire quand le rapport sur le Livre blanc pourra être présenté à la Chambre.

**M. Lambert (Edmonton-Ouest):** Mais, j'aimerais vous dire ..

**Le président:** Avez-vous fini, monsieur Hales?

**M. Lambert (Edmonton-Ouest):** ...que certains membres d'entre nous, bon nombre de députés ne seront pas ici. Vous travaillerez dans le vide.

**Le président:** Je n'irai pas aussi loin que cela. Je sais que M. Gray n'y sera pas cet après-midi, parce qu'il doit être à la Chambre mais, par ailleurs, d'autres députés le seront. Et si vous voulez retarder le moment d'entendre M. Gray, vous le pouvez, mais je ne veux pas alors, en tant que président, être accusé d'avoir obligé la Chambre à siéger entre Noël et le Nouvel An, ce qui risque de se produire.

**M. Lambert (Edmonton-Ouest):** Je crois que la réponse que le Comité attend de M. Grey fera que le travail, avancera très vite, très rapidement.

**M. Gray:** Puis-je poser une question?

**Le président:** Avant de répondre à M. Lambert... Lorsque nous avons reçu le mémoire de M. Henry, il devait prendre une demi-heure. Il est maintenant une heure et cinq et,



## [Texte]

five minutes after one and we started at ten after eleven. When you say that that everything will go quickly after this meeting, I am not too sure about that, because we are dealing with human beings.

**Mr. Gray:** I think, Chairman, both what you said and what Mr. Lambert has said can be reconciled. First of all, this group is the last group that is going to appear before us to give evidence; this will conclude the evidence.

Some thought has already been given to what may be done as a result of the views expressed in this brief and other briefs, because we have had them for study well before the appearance of the witnesses.

I would like to ask a question of Mr. Blair in his capacity of Chairman of the Procedure Committee, as to whether or not he plans to have his Committee sit either Wednesday afternoon or Friday morning.

**Mr. Blair:** No, I do not think we will sit on Wednesday afternoon or Friday morning. I am quite sure of that.

• 1305

**Mr. Gray:** I want to make a proposal. I know Mr. Lambert is one of the key members on the Procedure Committee and he like all of us has a terrible dilemma trying to be three or four places at once; we can usually be two places at once, but it is not always possible to be three places at once.

Since many of us are very interested in the discussion of the Customs Tariff Bill which involves the Kennedy Round undertakings and there is a deadline for that Bill as well, I would like to suggest that we do not sit this afternoon or this evening on the condition that we begin our meetings at 9.30 on Thursday and have a meeting on Wednesday afternoon after Orders of the Day.

**The Chairman:** I was told, Mr. Gray, that during the last few years there was no precedent for sitting on a Wednesday afternoon.

**Mr. Gray:** Mr. Chairman, this Committee within the broad outlines of the rules of the House is the master of its own scheduling. If I am not mistaken, we did sit on Wednesday afternoons during the consideration of the Bank Act and even though we may not be able to have a long meeting on Wednesday, if my suggestions will be considered, we will be able to reconcile all the conflicting demands on our time and yet hopefully complete our detailed discussion of the proposals of the government in the light of the evidence we

## [Interprétation]

pourtant, nous avons commencé à 11h. 10. Alors, il n'y a rien pour nous dire que les choses vont avancer rapidement.

**M. Gray:** Je crois, M. le président, que vos propos et ceux de M. Lambert ne se contredisent pas; il y aura des témoignages de don- nés, nous pourrions certainement avancer grâce aux opinions qui ont déjà été exprimées. Après tout, nous les avons étudiées bien avant que les témoins comparaissent.

Tout d'abord, j'aimerais poser une question à M. Blair et lui demander si son Comité veut siéger mercredi après-midi ou vendredi matin?

**M. Blair:** Non, je ne crois pas. Ni vendredi matin ni mercredi après-midi.

**M. Gray:** Alors, j'aurais une proposition à faire. Je sais que M. Lambert est un des personnages clefs du Comité de la procédure. Bien souvent, nous pouvons être à deux endroits en même temps, mais il n'est pas toujours possible d'être à trois endroits en même temps.

Et puisque plusieurs d'entre nous s'intéressent au débat sur les tarifs douaniers, qui se rapportent au Kennedy Round, et qu'il y a aussi une date limite pour cette mesure, je proposerais de ne pas siéger cet après-midi et ce soir, à condition que nous commencions nos séances à 9h.30 jeudi, que nous ayons aussi une séance mercredi après-midi.

**Le président:** Il n'y a aucun précédent pour établir qu'on pourrait siéger le mercredi après-midi.

**M. Gray:** Monsieur le président, sous réserve des Règlements de la Chambre, le Comité est maître, je crois, de son propre horaire et nous avons siégé un mercredi après-midi, je crois, lorsque nous avons étudié la loi sur les banques.

Et je crois même si nous pouvons avoir une séance assez longue, mercredi après-midi, si vous considérez ma proposition, je crois que nous pourrions réconcilier toutes les demandes de temps et pourrions finir notre discussion détaillée à la lumière des opinions que nous

## [Text]

have heard from these witnesses and others in time to make our report to the House Friday afternoon or first thing Monday.

Other members of the Committee might comment on my proposal. Perhaps it is impractical; perhaps it could be modified; perhaps it could be adopted in the way I have suggested it.

**The Chairman:** When you said, Mr. Gray, that we were master in our own house, you know that we were supposed to sit at 9.30 this morning and without our knowledge the time was changed to 11 o'clock.

**Mr. Gray:** I think this should be looked into. I do not think, with all due respect to our very capable staff, that there should be any change in the directions that you have undertaken on behalf of the Committee with respect to meetings without, if not your concurrence, at least consultation with you.

I would be very happy to support you, Mr. Chairman, in any remarks that you might want to make in criticism of whoever is responsible for this action. I do not think, whatever the aims of those who caused this change may have been, this was the way to treat this Committee nor was it shown the respect it deserves because of the seriousness with which it always approaches its work. I will be happy to support you and I think that the spokesmen of other parties will join with us in making the necessary arrangements if we want to have meetings at the times I have suggested. I have been assured that the work of this Committee is supposed to have first priority in the work of all committees with the exception of the Procedure Committee. If it is correct that the Procedure Committee will not be able to meet Wednesday afternoon or Friday morning...

**Mr. Lambert (Edmonton-West):** We have finished, except for one meeting that does not conflict.

**The Chairman:** Are there any other comments gentlemen?

**Mr. Gray:** I would like to hear the views on my proposal. I will make a motion to that effect if the Committee would want to have it more formalized.

**The Chairman:** We do not have a quorum. I think we will have to get together and reach an agreement.

**Mr. Lambert (Edmonton-West):** We do not need that.

...monsieur, la question consiste à régler nos affaires. Maintenant, est-ce que nous avons assez questionné ces messieurs?

## [Interpretation]

avons reçues des témoins et nous pourrions aller faire notre rapport à la Chambre vendredi après-midi ou lundi.

D'autres députés ont peut-être quelque chose à dire sur ma proposition? Peut-on peut-être la modifier ou peut-être l'adopter?

**Le président:** Monsieur Gray, lorsque vous avez dit que nous sommes maîtres chez-nous, vous savez bien que nous devons siéger à 9h.30 ce matin et, à notre insu, l'heure a été changée pour 11h.00.

**M. Gray:** Je crois que nous devrions aller aux renseignements. Je ne vois pas que nous devrions changer les directives que vous avez données pour le Comité, sinon sans votre consentement. Et je serais heureux de vous appuyer, monsieur le président, dans les commentaires ou les plaintes que vous voudrez présenter à cet égard. Je ne sais pas ce que sont les intentions de ceux qui ont fait le changement, ce n'est certainement pas la façon de traiter le président d'un Comité qui a toujours fait preuve d'un grand sérieux dans son travail. Je serai par conséquent heureux de vous appuyer et, si nous voulons avoir deux séances, aux heures dont j'ai parlé, je crois que la chose pourrait se faire. Je sais que ce Comité doit avoir la priorité sur tous les Comités, sauf peut-être le Comité de la procédure. Et, s'il est exact que le Comité de la procédure ne devra pas siéger mercredi après-midi ou vendredi.

**M. Lambert (Edmonton-Ouest):** Il ne nous reste qu'une séance, mais à un autre moment que les dates que vous proposez.

**Le président:** Y a-t-il d'autres commentaires?

**M. Gray:** J'aimerais que quelqu'un exprime son opinion sur ma proposition.

**Le président:** Nous n'avons pas le quorum, alors il faut être plus nombreux.

**M. Lambert (Edmonton-Ouest):** Le quorum n'est pas nécessaire. We should solve this problem right now. Did we ask the Association enough questions?



[Texte]

**The Chairman:** I have another name on my list; it is Mr. Trudel.

**M. Trudel:** On ne pourra pas siéger cet après-midi?

**The Chairman:** If not, I will ask the gentlemen from the Shoe Manufacturers' Association if they have any other comments to make before the adjournment.

**Mr. Henry:** There is nothing more we have to add. We have recorded our brief in English and in French as well as Mr. Maheu's supplementary remarks today.

Before closing I would like to express our appreciation to the Chairman and the Committee members who gave us so much of their time today. I also would like to thank Miss Ballantine the Clerk, for the prompt and good service she gave us in bringing about our meeting today. I would like to comment also on the fact that our contacts with the Department of National Revenue officials in the past have always been close and continuing and I am sure that condition will prevail in the future.

• 1310

We hope that the Committee will make recommendations in support of Mr. Hind's search for the proper number of high quality people that he may need to deal with the work that will be entailed in the investigations arising out of the new legislation and we look forward to fruitful associations with him and his departmental people in the future. Thank you, Mr. Chairman.

**The Chairman:** Thank you, Hr. Henry. Are there any other comments from the delegation?

**Mr. Maheu:** No, thank you, Mr. Chairman.

**The Chairman:** Thank you very much, gentlemen. On behalf of the members of this Committee I thank the Association for their brief and the additional information given to this Committee.

**Mr. Gray:** Mr. Chairman, before we adjourn the meeting, shall we, without the necessity of the question of a motion, reach some consensus on our further meetings?

You have the authority as Chairman, because we have not followed the practice of passing motions when we have meetings, to suspend meetings and to schedule meetings on behalf of the Committee. Certainly with the representation we have here, if it is the general view of the Committee not to meet

[Interprétation]

**Le président:** J'ai un autre nom sur la liste et c'est M. Trudel.

**Mr. Trudel:** Will we not be able to sit this afternoon?

**Le président:** Je demanderai aux représentants de l'Association s'ils ont d'autres commentaires à faire.

**M. Henry:** Nous n'avons rien d'autre à ajouter, monsieur le président. Nous avons mentionné dans notre mémoire, versions anglaise et française, tout ce que nous avons à dire. M. Maheu a donné aussi d'autres renseignements aujourd'hui.

En terminant, je tiens à exprimer ma gratitude au président et aux membres du Comité qui nous ont donné une partie de leur temps précieux aujourd'hui. Je remercie aussi Mlle Balantine et le secrétariat qui nous ont fourni un excellent service pour organiser la réunion d'aujourd'hui. En outre, je tiens à dire que nos contacts avec les fonctionnaires du Revenu national dans le passé ont toujours été excellents et je suis sûr que les mêmes conditions existeront à l'avenir.

Nous espérons que le Comité fera des recommandations, pour que M. Hind puisse trouver les fonctionnaires compétents dont il a besoin pour faire le travail qui sera fait à la suite des enquêtes demandées par les nouvelles lois et nous espérons pouvoir travailler en collaboration avec lui et son ministère. Merci, monsieur le président.

**Le président:** Merci, monsieur Henry. Avez-vous d'autres commentaires, messieurs?

**M. Maheu:** Merci, monsieur le président.

**Le président:** Alors, merci beaucoup, au nom des membres du Comité je remercie l'Association de son mémoire et des renseignements qui ont été donnés ici ce matin.

**M. Gray:** Monsieur le président, avant de lever la séance, devons-nous présenter une motion ou régler autrement la question de nos réunions ultérieures? A titre de président, comme nous n'avons pas toujours adopté des motions, vous avez le droit de changer notre horaire et, d'accord avec tous ceux qui sont ici, nous pouvons remettre les séances prévues pour aujourd'hui aux dates que j'ai proposées.

[Text]

this afternoon or this evening, we could instead attempt to meet at the time I proposed.

**The Chairman:** Mr. Gray, as Parliamentary Secretary to the Minister of Finance who has sent this White Paper before this Committee, if you think by not sitting this afternoon or tonight, but tomorrow afternoon, Thursday and Friday morning, we can return the White Paper to the House of Commons, I have no objection at all, but it is up to you, gentlemen. As Chairman, I have no objection if we do not sit this afternoon or tonight. If you think as...

**Mr. Gray:** Mr. Chairman...

**Mr. Gillespie:** I was going to say...

**The Chairman:** I am sorry, I think I will have to recognize Mr. Gillespie, first.

**Mr. Gillespie:** Mr. Chairman, I want to support the position taken by Mr. Gray. I think there are exceptional circumstances. I think the very fact that the legislation being considered in the House is related to the very area of our own discussion here is significant, and I for one, would endorse the position he has taken.

**Mr. Blair:** I have reason to be sympathetic to the position of the Chairman, but it would be my opinion, also, that if we did try to meet this afternoon, in view of the absence of leading members of this Committee, a good deal of the discussion would necessarily have to be repeated on a subsequent occasion. I think if we follow this procedure we will find that we have not lost much time.

**M. Lambert (Edmonton-Ouest):** Entièrement, monsieur le président.

**The Chairman:** You believe then, gentlemen, that without sitting this afternoon and tonight, but sitting tomorrow afternoon, Thursday, and, if necessary, Friday morning, it will be possible for this Committee to return the White Paper to the House of Commons by the weekend.

All right then; there will no sitting this afternoon or tonight, but we will try to arrange sittings for tomorrow afternoon and Thursday.

**Mr. Gray:** The meeting will start at 9.30 a.m.

**The Chairman:** Yes, provided nobody changes the hour.

[Interpretation]

**Le président:** Comme vous êtes le secrétaire parlementaire du ministre des Finances, monsieur Gray, si vous pensez qu'en remettant les séances de cet après-midi et de ce soir, à demain après-midi et jeudi et vendredi matin nous pouvons remettre le Livre blanc à la Chambre, je ne m'y oppose pas du tout. Mais, c'est à vous d'en décider, messieurs; comme président, je ne m'opposerai pas à ce qu'il n'y ait pas de séance cet après-midi et ce soir.

**M. Gray:** Monsieur le président...

**M. Gillespie:** Je voulais dire...

**Le président:** Je m'excuse: M. Gillespie d'abord.

**M. Gillespie:** Monsieur le président, j'appuie la proposition de M. Gray; nous sommes dans des circonstances exceptionnelles. Comme la loi est déjà étudiée à la Chambre et qu'elle se rapporte à cette discussion, cela a beaucoup d'importance et, pour ma part, j'appuie cela.

**M. Blair:** J'appuie le président, mais je pense que si nous nous réunissons cet après-midi, puisque certains membres du Comité sont absents, une bonne partie de la discussion devra être reprise une autre fois. Alors, pour cette raison, suivons la proposition et nous ne perdrons pas beaucoup de temps.

**Mr. Lambert (Edmonton West):** I agree wholeheartedly Mr. Chairman.

**Le président:** Messieurs, vous avez l'impression que sans siéger cet après-midi et ce soir, mais en siégeant demain après-midi, jeudi, et, si nécessaire, vendredi matin, nous pourrions donc remettre le Livre blanc à la Chambre des communes à la fin de la semaine?

Alors, très bien, pas de séance après-midi et ce soir, mais nous allons tenter d'organiser des séances demain après-midi et jeudi alors.

**M. Gray:** A 9h. 30?

**Le président:** 9h. 30, si personne ne modifie l'horaire cependant.



[Texte]

## APPENDIX MM

CANADIAN NATIONAL  
CANADIAN PACIFIC

1968 DEC 2 PM 4

CNT FD TORONTO ONT 2 314P EST

G CLERMONT M.P. CHAIRMAN STAND-  
ING COMMITTEE ON FINANCE TRADE  
AND ECONOMIC AFFAIRSROOM 237 WEST BLOCK HOUSE OF  
COMMONS OTTAWA ONT

DEAR MR CLERMONT, THIS HAS REFER-  
ENCE TO THE LETTER OF NOVEMBER 26,  
1968 TO YOUR COMMITTEE FROM MR T E  
ROGERS OF THE BRITISH HIGH COM-  
MISSION IN WHICH HE HAS COMMENT-  
ED ON THE PRESENTATION WHICH THIS  
ASSOCIATION MADE ON NOVEMBER  
TWENTY FIRST.

WE REITERATE THAT DUAL PRICING  
PRACTICES BY U.K. ELECTRICAL MANU-  
FACTURERS AND ACTUAL DUMPING BY  
THEM IN THE CANADIAN MARKET DO  
EXIST AND AS FAR AS THIS INDUSTRY  
IS CONCERNED THEY ARE WIDE  
SPREAD. IN 1967, THIRTY FIVE PER CENT  
OF CANADIAN POWER TRANSMISSION  
EQUIPMENT REQUIREMENTS WERE  
PLACED OVERSEAS OF WHICH TWENTY  
PER CENT OF THE CANADIAN MARKET  
WAS PRICED WITH U.K. MANUFAC-  
TURERS.

AS FAR AS THE PURCHASING POLICY  
OF THE CENTRAL ELECTRICITY GEN-  
ERATING BOARD IS CONCERNED, WE  
POSSESS EVIDENCE IN THE FORM OF A  
LETTER DATED JANUARY 18, 1968 FROM  
SIR STANLEY BROWN, CHAIRMAN OF  
CEGB TO THE EFFECT THAT THERE IS  
NO NEED NOR INTENTION OF SEEKING  
TENDERS FROM OTHER THAN HOME  
MANUFACTURERS OF POWER TRANS-  
FORMERS.

IN CONNECTION WITH GUARANTEED  
PROFITS TO U.K. MANUFACTURERS, WE  
ARE IN POSSESSION OF A CERTIFIED  
COPY OF AN AGREEMENT WHICH  
BECAME EFFECTIVE JANUARY 1, 1967  
AND WAS KNOWN TO BE STILL IN

[Traduction]

## APPENDICE MM

TÉLÉGRAMME ADRESSÉ A:

M. LE DÉPUTÉ GASTON CLERMONT,  
PRÉSIDENT DU COMITÉ PERMANENT  
DES FINANCES, DU COMMERCE ET DES  
QUESTIONS ÉCONOMIQUES, PIÈCE 237,  
IMMEUBLE DE L'OUEST, CHAMBRE DES  
COMMUNES, OTTAWA, ONTARIO.

MONSIEUR,  
NOTRE TÉLÉGRAMME A TRAIT À LA  
LETTRE, EN DATE DU 26 NOVEMBRE  
1968, DE M. T. E. ROGERS, DU HAUT-COM-  
MISSARIAT BRITANNIQUE, SOULEVANT  
CERTAINS POINTS EN RAPPORT AVEC  
LE MÉMOIRE PRÉSENTÉ PAR NOTRE  
ASSOCIATION LE 21 NOVEMBRE.

NOUS RÉAFFIRMONS QUE LES FABRI-  
CANTS D'APPAREILS ÉLECTRIQUES DE  
GRANDE-BRETAGNE ONT UNE DOUBLE  
POLITIQUE DE PRIX ET FONT RÉELLE-  
MENT DU DUMPING AU CANADA ET  
QUE, PAR RAPPORT À NOTRE INDUS-  
TRIE, CES PRATIQUES SONT TRÈS RÉ-  
PANDUES. EN 1967, 35 P. CENT DES  
BESOINS DU CANADA EN MATÉRIEL DE  
TRANSPORT D'ÉNERGIE ONT ÉTÉ SATIS-  
FAITS OUTRE-MER, DONT 20 P. CENT  
ONT ÉTÉ L'OBJET DE FIXATION DE PRIX  
SUR LE MARCHÉ CANADIEN DE LA  
PART DE FABRICANTS DU ROYAUME-  
UNI.

QUANT À LA POLITIQUE D'ACHAT DE  
LA CENTRAL ELECTRICITY GENERAT-  
ING BOARD, NOUS POSSÉDONS UNE  
LETTRE DE SIR STANLEY BROWN,  
DIRECTEUR DE LA CEGB, EN DATE DU 18  
JANVIER 1968, PRÉCISANT QU'IL N'A PAS  
L'INTENTION DE DEMANDER DES SOU-  
MISSIONS POUR DES TRANSFORMA-  
TEURS AILLEURS QU'EN GRANDE-BRE-  
TAGNE.

QUANT À LA QUESTION DES PROFITS  
GUARANTIS AUX FABRICANTS DU  
ROYAUME-UNI, NOUS POSSÉDONS UNE  
COPIE CERTIFIÉE CONFORME D'UNE  
ENTENTE QUI EST ENTRÉE EN VIGUEUR  
LE 1<sup>er</sup> JANVIER 1967 ET QUI ÉTAIT, NOUS

[Text]

EFFECT AS RECENTLY AS APRIL 1968 IN WHICH CEGB CONTRACTS TO BUY SWITCH GEAR FROM FOUR U.K. MANUFACTURERS AND GUARANTEES THE AVERAGE RETURN ON INVESTMENT TO THE TWO MOST PROFITABLE MANUFACTURERS TO BE AT LEAST 16½ PER CENT.

WE SUGGEST THAT MR ROGERS HAS ATTEMPTED TO DIVERT ATTENTION FROM THE FACTS AS WE HAVE EXPERIENCED AND STATED THEM IN OUR PRESENTATION.

F G SAMIS GENERAL MANAGER CDN ELECTRICAL MFGRS ASSOCIATION

[Traduction]

LE SAVONS, ENCORE EN VIGUEUR EN AVRIL 1968: EN VERTU DE CETTE ENTENTE, LA CEGB S'ENGAGE À ACHETER DU MATÉRIEL DE COMMUTATION DE QUATRE FABRICANTS DU ROYAUME-UNI ET GARANTIT QUE LE PROFIT MOYEN DE CE PLACEMENT, DANS LE CAS DES DEUX CONTRATS AU PROFIT LE PLUS ÉLEVÉ, SERA D'AU MOINS 16½ P. CENT.

NOUS CROYONS QUE M. ROGERS A TENTÉ DE DÉTOURNER NOTRE ATTENTION DES FAITS, FAITS QUE NOUS CONNAISSONS ET DONT NOUS AVONS DONNÉ UN COMPTE RENDU EXACT DANS NOTRE MÉMOIRE.

M. F. G. SAMIS, GÉRANT GÉNÉRAL, ASSOCIATION DES FABRICANTS CANADIENS D'APPAREILS ÉLECTRIQUES.



[Texte]

## APPENDIX NN

CANADIAN WESTINGHOUSE COMPANY  
LIMITED

November 27, 1968

Mr. Gaston Clermont, M.P.  
House of Commons  
Ottawa, Ontario

*Canada's New Anti-Dumping Law*

Dear Mr. Clermont:

I would first like to thank you for your interest and patience last Thursday, November 21st, during the extended discussion on the CEMA submission to the Standing Committee on Finance, Trade and Economic Affairs. We much appreciate the obvious interest in sifting the facts that was displayed by you and other Committee members.

To my Company, and other members of CEMA, the problems of international trade are foremost in our day-to-day operations. The particular problems of competing as manufacturers in the North American cost environment with foreign competitors selling into Canada on large, custom-built equipments such as generators, power transformers and circuit breakers are unique, in that Canadian producers have only a very few chances each year to bid and obtain orders for a large enough proportion of this business to load their shops profitably one to three years hence.

The problem of determination of Fair Market Value for duty purposes, and Normal Value for dump duty under the new Act, where Power Utility sealed tender business is placed with foreign competition is a difficult one for the Department of National Revenue.

Because of the secrecy inherent in the existing law and regulations, and because of the difficulty in obtaining from the utilities factual information on prices bid to them by importers, and because of difficulty in obtaining foreign home market prices, (where prices are not usually published) it has taken the industry a long time to obtain what information we now possess. Meanwhile, injury of two kinds has occurred. First, a substantial

[Traduction]

## APPENDICE NN

CANADIAN WESTINGHOUSE COMPANY  
LIMITED

C.P. 510, Hamilton, Ontario.

Le 27 novembre 1968

M. le député Gaston Clermont,  
Chambre des communes,  
Ottawa, Ontario.

*Nouvelle loi canadienne sur l'antidumping*

Monsieur Clermont,

Permettez-moi d'abord de vous remercier de l'intérêt et la patience que vous avez manifestés jeudi dernier, le 21 novembre, au cours de l'examen du mémoire de la CEMA au Comité permanent des finances, du commerce et des questions économiques. Nous avons grandement apprécié votre volonté et celle du Comité d'approfondir la question.

A la *Canadian Westinghouse*, comme dans les autres compagnies membres de CEMA, les problèmes du commerce international sont toujours au premier plan de nos préoccupations quotidiennes. La situation concurrentielle des fabricants nord-américains, face aux concurrents étrangers vendant au Canada des appareils importants comme des générateurs, des transformateurs et des disjoncteurs, est assez spéciale: les fabricants canadiens n'ont que de rares occasions dans une année de présenter des soumissions visant l'obtention de contrats leur procurant du travail durant une période s'étendant de un à trois ans.

Il est très difficile au ministère du Revenu national de déterminer la juste valeur marchande à l'exportation, servant à fixer le droit, et la valeur normale, servant à fixer le droit de dumping, en vertu de la nouvelle Loi, dans ces cas où les services d'utilité publique lancent des appels d'offre sous enveloppe scellée aux concurrents étrangers.

A cause de la discrétion dont font preuve la loi et les règlements actuels, et à cause de la difficulté d'obtenir des services publics des renseignements sur les prix proposés par les importateurs, et à cause enfin des problèmes qu'on rencontre quand on veut obtenir les prix sur les marchés intérieurs étrangers (où les prix ne sont d'ordinaire pas publiés), il a fallu longtemps à l'industrie pour accumuler les données qu'elle possède aujourd'hui. Entre-

## [Text]

amount of business has been lost, never to be replaced, and second, price levels on the remaining business held in Canada are unprofitable.

It has occurred to us that the proposed legislation might be amended to include a clause giving the Department of National Revenue the power, under Section 3, to obtain from the Canadian purchaser who contemplates placing an order with a foreign exporter or with a Canadian importer, the prices of all quotations on such a transaction, where the Minister is of the opinion that there is a threat of injurious dumping or has received a complaint indicating threat of injurious dumping.

Where we have observed published bids from several manufacturers in the same country, on the same job, very wide excursions in quoted prices have been recorded. Presumably the highest of these, on the same transaction, represents the F.M.V. price, whereas the very lowest is a dump price, in some cases. (Where it is not dump but threatens injury to Canadian production, application of the import surtax could be considered, under Section 37, of the proposed legislation.)

The effect of this amendment would be to provide the Minister with factual information at an early stage, allow immediate study of the relation of Export Price to Fair Market Value in the country of origin and thus provide for an early determination of Normal Value.

Another effect will be the accumulation of F.M.V. and Export Price information for use by the Department when goods actually enter the country. Where foreign exporters have used incremental pricing on goods into Canada for some time, if only the documents relating to a particular import entry are examined, grave errors can be made by accepting the declaration of F.M.V. shown by the exporter. It will be extremely difficult for the Department to determine Normal Value and Dumping in such cases under the proposed Act and Regulations, if the Department has no other information on which to base its review of the declared F.M.V.

I hope that the above suggestions will be of interest and will receive your consideration in the study of the draft Anti-Dump Legislation.

## [Traduction]

temps, il s'est produit deux sortes de préjudices. D'abord, on a perdu un nombre considérable de clients qui ne reviendront jamais et ensuite les prix dans les contrats qu'on n'a pu garder au Canada ne permettent pas de faire des profits.

Ne serait-il pas possible de modifier le projet de loi de façon à y inclure un paragraphe permettant au ministère du Revenu national, en vertu de l'article 3, de demander à un acheteur canadien qui se propose de passer une demande à un exportateur étranger ou à un importateur canadien, les prix de tous les articles compris dans la transaction, dans les cas où le Ministre estime qu'il y a danger de préjudice par dumping ou dans les cas où il a reçu des plaintes indiquant la possibilité de préjudice par dumping.

Lorsque sont publiées les soumissions provenant d'un grand nombre de fabricants du même pays pour le même ouvrage, on pourra remarquer un très grand nombre de fluctuations dans les prix demandés. Et il semble bien que le prix le plus élevé constitue la juste valeur marchande et le prix le moins élevé est un prix de dumping dans certains cas. Même lorsqu'il ne s'agit pas de dumping, mais que le prix très bas menace de causer préjudice à la production canadienne, il faudrait envisager la possibilité d'appliquer la surtaxe à l'importation prévue à l'article 37 de la loi proposée.

Une telle modification aurait pour effet de permettre au Ministre de posséder des renseignements fondés dès les débuts et de permettre une étude immédiate du rapport entre le prix à l'exportation et la juste valeur marchande dans le pays d'origine, permettant ainsi de fixer rapidement la valeur ordinaire.

D'autre part, cela permettrait d'accumuler des données sur la valeur marchande et le prix à l'exportation, renseignements qui pourraient servir au Ministère lorsque les marchandises arrivent au Canada. Lorsque les exportateurs étrangers sous-évaluent d'une façon marquée depuis un certain temps les biens qu'ils exportent on peut commettre de graves erreurs en acceptant telle quelle la déclaration de la valeur marchande faite par l'exportateur sans la vérifier au regard de l'ensemble des importations. Il sera très difficile au Ministère de déterminer la valeur normale et la sous-évaluation dans de tels cas en vertu de la loi et des règlements proposés, s'il ne possède d'autres renseignements sur lesquels baser son enquête que la valeur marchande déclarée.

J'espère que vous prendrez en considération les suggestions ci-dessus et qu'elles vous seront utiles dans la rédaction du projet de



## [Texte]

You will recall that there was very little time to discuss our Canadian Westinghouse Co. Ltd. submission, so we are taking this opportunity of amplifying some of our remarks made at the hearing. This Company is ready at any time to assist your Committee or others in Government where our day-to-day practical market knowledge can be helpful.

Yours very truly,  
W. J. Cheesman, President.

## [Traduction]

loi sur l'antidumping. Vous vous rappellerez sans doute qu'il a fallu examiner rapidement le mémoire de la *Canadian Westinghouse*; aussi profitons-nous de l'occasion pour apporter certaines précisions. Veuillez croire, monsieur, que notre compagnie est prête en tout temps à venir en aide au Comité ou à tous autres fonctionnaires à qui pourrait être utile notre expérience dans ce domaine.

Votre bien dévoué,  
W. J. Cheesman, président.

[Text]

## APPENDIX OO

HOUSE OF COMMONS  
STANDING COMMITTEE

ON

FINANCE, TRADE AND  
ECONOMIC AFFAIRS

WHITE PAPER ON ANTI-DUMPING  
STATEMENT

BY

THE SHOE MANUFACTURERS'  
ASSOCIATION OF CANADA

NOVEMBER 20, 1968

[Traduction]

## APPENDICE OO

DÉCLARATION DE L'ASSOCIATION  
DES FABRICANTS DE CHAUSSURES  
DU CANADA

The Shoe Manufacturers' Association of  
Canada

Suite 710, 1010 St. Catherine Street West,  
Montreal 110, Quebec, Canada.

le 20 novembre 1968

## FOREWORD

Before commenting on the proposed new Canadian legislation on anti-dumping, we will submit—for the Committee's records—a few background details with regard to The Shoe Manufacturers' Association of Canada, and a brief summary of the vital statistics that are relevant to the problems and prospects of the Footwear Industry in Canada today.

This Association represents almost 90 per cent of Canadian footwear production, and we have given 50 years of continuing service to those who own and work in our 210 manufacturing plants. In this connection, the Footwear Industry is now located in close proximity to the mass market in Central Canada, with most of the factories in the cities and towns of Quebec and Ontario.

About 40,000 Canadian workers find employment with our footwear manufacturers or in the allied trades that service the Industry.

Canadian production may reach 59,000,000 pairs by the year-end and, concurrently, it is possible that footwear imports from low-wage countries abroad will reach a total of 45,000,000 pairs in 1968. In 1957, Canadian production was 57,716,000 pairs, and footwear imports stood at 6,342,000 pairs.

## INTRODUCTION

The purpose of actual Canadian anti-dumping legislation is eminently fair and reason-

## AVANT-PROPOS

Avant de formuler nos commentaires sur la nouvelle loi antidumping que le gouvernement du Canada se propose d'adopter, nous désirons présenter, pour la gouverne du Comité, quelques renseignements de base sur l'Association des fabricants de chaussures du Canada, ainsi que quelques chiffres concernant les difficultés et les perspectives actuelles de l'industrie canadienne de la chaussure.

L'Association groupe les fabricants dont la production globale constitue près de 90 p. 100 de toutes les chaussures fabriquées au Canada, et elle est au service des propriétaires et des employés de nos 210 manufactures depuis 50 ans. A l'heure actuelle, la plupart des fabriques de chaussures sont situées dans les villes du Québec et de l'Ontario, c'est-à-dire à proximité du très important marché du Canada central.

Les fabricants de chaussures et les industries connexes emploient quelque 40,000 travailleurs canadiens.

La fabrication canadienne atteindra peut-être 59 millions de paires de chaussures d'ici la fin de l'année tandis que les importations des pays où la main-d'œuvre est peu coûteuse se chiffreront à 45 millions de paires en 1968. En 1957, la fabrication canadienne s'établissait à 57,716,000 paires de chaussures et les importations, à 6,342,000.

## INTRODUCTION

En ce qui a trait aux importateurs, la loi antidumping en vigueur au Canada est tout-à-



## [Texte]

ble insofar as importers are concerned. It is merely designed to ensure that goods are sold to Canadian buyers at the same price and on the same terms and conditions as apply with respect to the exporter's normal sales in his home market. Canadian law permits unrestricted importations valued on this basis even though the foreign exporter's wage rates and other manufacturing costs may be substantially lower than those of his Canadian competitor.

## PURPOSE OF THE CODE

It is based on the theory that Canadian manufacturers are entitled, under the law, to a reasonable opportunity to sell their goods in competition with foreign producers on the Canadian market.

Anti-dumping duty is a correction of a situation which should be condemned. While Article VI of GATT condemns dumping as a normal commercial practice, the new Code seems to set out the various types of circumstances under which dumping should be permitted to take place.

In our Canadian legislation, the public is entitled to the benefit of free competition; this is why we have the Canadian Combines legislation. Unfortunately, however, this legislation regulates competition only within the Canadian boundaries. Anti-dumping duty, therefore, is the only corrective to discriminatory pricing practices in international trade, such practices being prohibited by Canadian legislation when practiced within Canada. Discriminatory pricing (such as in the case of work shoes and other footwear from Communist countries) is a practice which is no less undesirable if carried on to the detriment of competitors by a foreign producer than by a domestic one.

## CANADIAN FOOTWEAR MANUFACTURING INDUSTRY

Danger to the footwear industry comes mainly from:

(1) Japan, Hong Kong, Pakistan, India, Taiwan (Formosa), and South Korea, where wages are low and where the laws of supply and demand leave vast quantities of footwear available for overseas dumping;

(2) Czechoslovakia, Poland, China and other Communist countries, where industries are state-owned agencies which can sell goods overseas at any price as no one is aware of their production costs; and

## [Traduction]

fait juste et raisonnable. Elle a pour objet d'assurer que les marchandises soient vendues aux acheteurs canadiens au même prix et aux mêmes conditions qu'aux acheteurs du pays du fabricant. La loi canadienne permet des importations illimitées dans ce contexte, bien que les salaires et les autres frais de production que le fabricant étranger doit payer puissent être considérablement moins élevés que ceux que défraie son concurrent canadien.

## OBJET DU CODE

Le Code est fondé sur l'hypothèse selon laquelle les manufacturiers canadiens ont le droit, aux termes de la loi, de s'attendre raisonnablement à pouvoir vendre leurs produits sur le marché canadien à des prix rivalisant avec les fabricants étrangers.

Le droit antidumping sert à rectifier une situation intenable. L'article VI de l'Accord général sur les tarifs douaniers et le commerce stipule que l'utilisation du dumping comme pratique normale du commerce est condamnable, mais le nouveau Code semble prévoir certains cas où il faudrait le permettre.

Aux termes de la loi canadienne, le public a droit aux avantages de la concurrence libre: c'est pour cette raison qu'il existe des lois concernant les coalitions. Il est malheureux, cependant, qu'elles ne règlent la concurrence qu'à l'intérieur du Canada. Le droit antidumping est donc la seule mesure qui permette de contrecarrer l'établissement injuste des prix dans le commerce international, vu que la loi canadienne interdit de telles pratiques à l'intérieur du pays. L'établissement discriminatoire des prix, comme par exemple, dans le cas des chaussures de travail et autres chaussures en provenance des pays communistes, est toujours condamnable qu'il soit pratiqué par un fabricant étranger ou par un fabricant canadien.

## L'INDUSTRIE CANADIENNE DE LA CHAUSSURE

Pour l'industrie canadienne de la chaussure, le danger provient principalement:

1) du Japon, de Hong-Kong, du Pakistan, de l'Inde, de Taïwan (Formose) et de la Corée du Sud, où les salaires sont peu élevés et où le jeu de l'offre et de la demande est tel que d'immenses quantités de chaussures sont excédentaires et font l'objet de dumping outre-mer;

2) de la Tchécoslovaquie, de la Pologne, de la Chine et d'autres pays communistes, où l'industrie est nationalisée et où les fabricants peuvent vendre leurs produits à n'importe quel prix puisque per-

[Text]

(3) Low-wage European countries, such as Spain and Italy.

Some of our most knowledgeable manufacturers have suggested that a rising volume of footwear imports from "Iron Curtain" countries is "dumped" merchandise. Through the appropriate channels in the Department of National Revenue, we have questioned the values for duty that have been used with these shipments during the last three to four years, and there are some cases under active review at the present time. Footwear being a basic commodity, the countries mentioned above have produced footwear for some time and will continue to do so. With little costly machinery involved and ample low-wage labor to manufacture the goods, it is understandable that many countries count, and will continue to count, footwear among their leading export commodities.

In considering the subject of hardship and related questions, government investigators, tribunal members, and others concerned with the development of fair and reasonable anti-dumping provision should be mindful of three very important economic conditions that are relative to Footwear Industry problems and prospects at this time:

(1) The industry is fragmented into several groups of manufacturers, where they try to secure optimum economies of scale by producing certain specific lines of footwear, i.e. children's shoes, women's high style, work boots, men's and boys', etc.

(2) "A shoe is a shoe" the world over, and this is the way Chairman McKinnon put it when we made our first submission to the Canadian Tariffs and Trade Committee in May of 1964. That is what we mean by "interchangeability", i.e. foreign shoes can and do replace Canadian-made shoes, and a shoe so purchased is a shoe not made by our Canadian footwear workers.

Interchangeability is, therefore, a fundamental marketing fact in the international footwear trade today, and the variety of styles offered for sale from coast to coast in Canada is testimony to this fact.

We think that Article 2(g) (the interpretation of like goods) should be completed to cover products which are com-

[Traduction]

sonne ne connaît leurs frais de production; enfin,

3) des pays européens où les salaires sont peu élevés, tels que l'Espagne et l'Italie.

Certains de nos manufacturiers les mieux informés soutiennent que, de plus en plus, les chaussures importées de pays au-delà du Rideau de fer sont sous-évaluées. En nous adressant aux services appropriés du ministère du Revenu national, nous avons pu mettre en doute la valeur imposable de ces marchandises au cours des trois ou quatre dernières années, et certains cas particuliers sont à l'étude. La chaussure étant un produit de base, on en fabrique dans ces pays depuis longtemps et l'on continuera d'en fabriquer. Bien entendu, certains pays où la machinerie ne coûte pas cher et où l'on dispose d'une nombreuse main-d'œuvre peu rémunérée, considèrent et continueront à considérer la chaussure comme l'une de leurs principales marchandises d'exportation.

En étudiant la question du préjudice et d'autres questions connexes, il serait souhaitable que les enquêteurs du gouvernement, les membres du Tribunal et les autres participants à l'élaboration d'une loi antidumping juste et raisonnable se souviennent de trois facteurs économiques très importants qui se rapportent aux problèmes et aux perspectives actuelles de l'industrie de la chaussure:

1) L'industrie est divisée en plusieurs petits groupes de manufacturiers qui s'efforcent de réaliser les plus grandes économies possibles en se spécialisant dans des catégories précises de chaussures, par exemple, les chaussures pour enfants, les chaussures de grand style pour dames, les bottines de travail, les chaussures pour hommes et garçons, etc.

2) «Une chaussure, c'est une chaussure, dans n'importe quel pays», voilà ce que le président McKinnon a dit lorsque nous avons présenté notre premier mémoire au Comité canadien des tarifs douaniers et du commerce en mai 1964. C'est là ce que nous entendons par l'«interchangeabilité», le fait que des chaussures fabriquées à l'étranger puissent damer le pion à celles qui sont fabriquées au Canada, et c'est ce qui se produit effectivement. Or, on achète ainsi des chaussures qui n'ont pas été fabriquées par des Canadiens.

L'interchangeabilité est donc un aspect fondamental de la commercialisation de la chaussure dans le marché international actuel; la variété de styles en vente partout au Canada en atteste.



## [Texte]

petitive from an end-use standpoint, otherwise the Code will be of little value to the footwear industry.

(3) Shipments of dumped footwear can force one Canadian manufacturer to "move over" in serving the domestic market and, in this way, a Canadian firm can bump a Canadian manufacturer into bankruptcy, when the initial thrust was, in fact, generated by a foreign exporter.

## WHITE PAPER ON ANTI-DUMPING

There have been different views expressed on the merits of the International Code negotiated in Geneva, and the need to completely revise the Canadian anti-dumping measures to conform to the principles set out in the Code. However, Canada is a signatory to the Code and is committed to make the necessary changes in its national law. We will therefore not discuss the merits of the Code. Before referring to particular provisions in the draft bill, we wish to emphasize that existing anti-dumping legislation permits a minimal exercise of judgment or discretion by administrative officials. In contrast, the draft bill greatly extends the area where judgments must be formed by administrative officials and tribunals, and make the element of administration of even greater importance than it has been. We are amazed by the extent of the discretions required by almost every phase of the application of the anti-dumping measures.

If discretions are to be exercised in accordance with government policy instead of merely being the views of an individual at a given time, there is need for expression of what the government policy is.

As already noted, the Minister of Finance has emphasized that where dumping threatens injury to Canadian producers, the government "intends to see to it that in Canada anti-dumping duties are *quickly* and *effectively* applied". We consider it of the utmost importance that this expression of principle be translated not only into law but into action at all stages of the administration of the new Anti-Dumping Act, including the primary stage of deciding that an investigation of alleged or apparent injurious dumping should be initiated, and provisional measures taken. We therefore consider it important that a

## [Traduction]

A notre avis, l'alinéa g) de l'article 2 du projet de loi (l'interprétation de l'expression «marchandises semblables») devrait être modifié de manière à comprendre les produits concurrentiels quant à l'utilisation finale; autrement, le Code ne favorisera guère l'industrie de la chaussure.

3) Les expéditions de chaussures sous-évaluées peuvent forcer un fabricant canadien à changer de secteur du marché; ainsi, il se peut qu'un producteur canadien mette un autre fabricant canadien en faillite même si, en réalité, la poussée initiale provenait d'une source située à l'extérieur de nos frontières.

## LIVRE BLANC SUR L'ANTIDUMPING

Des opinions diverses ont été avancées sur l'opportunité du Code international négocié à Genève et sur la nécessité de refondre les dispositions antidumping canadiennes pour les rendre conformes aux principes exposés dans le Code. Quoiqu'il en soit, le Canada a souscrit au Code et s'est engagé ainsi à modifier la loi canadienne en conséquence. Nous n'exprimerons donc pas notre avis sur le bien-fondé du Code.

Avant de traiter des dispositions de l'avant-projet de loi, nous signalons que la loi antidumping actuelle donne peu de lest aux fonctionnaires chargés de son application. Mais l'avant-projet de loi agrandit considérablement le champ où les fonctionnaires et les membres du Tribunal seront appelés à exercer leur jugement; l'élément application revêt donc beaucoup plus d'importance qu'auparavant.

La mesure dans laquelle la discrétion administrative s'exercera à presque toutes les étapes de l'application des dispositions antidumping ne cesse de nous étonner. Si cette discrétion doit s'exercer en conformité de la ligne de conduite du gouvernement, et non selon les vues personnelles d'un particulier, il faudrait bien que le gouvernement énonce sa politique à cet égard.

Comme on l'a dit, le ministre des Finances a bien précisé que lorsque le dumping menacerait de nuire aux producteurs canadiens, le gouvernement «veillerait à ce que, au Canada, les droits antidumping soient *rapidement* et *efficacement* mis en vigueur». A notre avis, il est de la plus haute importance que ce principe se traduise non seulement dans les dispositions de la loi, mais aussi dans la pratique, à toutes les étapes de l'application de la nouvelle loi antidumping, y compris à l'étape initiale lorsqu'il est décidé d'enquêter sur un dumping présumé ou apparent et qu'il y a lieu de prendre des mesures provisoires.

## [Text]

public statement of policy be made at an appropriate time and place, to give direction as to the principles which the administrative authorities are expected to follow.

We have found that departmental officials at all levels have been most accessible in dealing with representatives of the Footwear Industry as we approached them in the past, to solicit their cooperation in dealing with "dumping footwear" or shipments with questionable values for duty.

We must report, however, that there have been lengthy delays in determining facts, and reaching decisions based upon them. The result in many cases has been long delay, intricate investigations, and uncertainty of conclusions. It is essential that, coincident with implementation of our proposed new statute, there must be a major improvement in the total administration and organization of the Customs Division of Canadian industry and its producers are not to be subjected to serious and prolonged dumping and material injury. Because of the new restrictions on retroactivity, errors are no longer retrievable.

## LEGISLATION

*Like Goods*

Mr. D. H. W. Henry, Q. C., Director of Investigation and Research under the Combines Investigation Act, gives the following definition of the word "competitor": "I am inclined to take the position that people are competing who are trying to win customers away from each other."

We feel that Article 2 (g), giving the interpretation of the words "like goods", should be completed by adding:

"(iii) Goods that replace other closely resembling goods in the purchases of the customer."

*Retroactivity*

Under existing anti-dumping laws, no time limit is set on the retroactivity of anti-dumping duties. The new act proposes, under Section 5, 90 days retroactivity from the time the Deputy Minister of National Revenue makes a preliminary determination that dumping has occurred, if it is massive or is one of a series of imports that together are massive, and provided it is injurious.

## [Traduction]

Il importe donc que la politique officielle soit énoncée publiquement en temps et lieu afin d'orienter en conséquence la ligne de conduite des autorités administratives.

Les représentants de l'industrie de la chaussure qui communiquaient avec les hauts fonctionnaires du Ministère, à tous les échelons de l'administration au sujet de chaussures sous-évaluées ou d'expéditions dont la valeur imposable semblait douteuse ont toujours été fort bien accueillis. Il faut dire, cependant qu'ils mettaient bien du temps à établir les faits et à prendre des décisions en conséquence. Dans de nombreux cas, il en est résulté de longs retards, des enquêtes compliquées et des conclusions incertaines. Il est donc essentiel que l'adoption de la nouvelle loi s'accompagne d'une amélioration sensible de la gestion et de l'organisation de la Division des douanes, si l'on veut que l'industrie canadienne et les producteurs canadiens ne subissent pendant de longues périodes le dumping et un préjudice important. Vu la nouvelle limitation relative à la rétroactivité, il ne sera plus impossible désormais de rectifier les erreurs.

## LA LOI

*Marchandises semblables*

M. D. H. W. Henry, c.r., directeur des enquêtes et recherches aux termes de la loi relative aux enquêtes sur les coalitions, donne pour le mot concurrent la définition suivante: «Je suis porté à croire que deux personnes qui cherchent à s'enlever mutuellement des clients sont en concurrence l'une avec l'autre.»

Nous sommes d'avis que l'alinéa g) de l'article 2, où l'expression «marchandises semblables» est définie, devrait être complété ainsi qu'il suit:

«iii) des marchandises dont les caractéristiques ressemblent étroitement à celles desdites marchandises et qui remplacent celles-ci aux fins de l'achat par les clients.»

*Rétroactivité*

Aux termes de la loi antidumping actuelle, aucun délai ne restreint la rétroactivité des droits antidumping. L'article 5 du projet de loi prévoit une rétroactivité de 90 jours à compter de la date où le sous-ministre du Revenu national a déterminé provisoirement qu'il y a eu dumping, qu'il s'agit d'une importation massive ou que l'expédition en cause fait partie d'une série d'expéditions qui en-



## [Texte]

This new legislation will not only allow "one free dump" but a series of free dumps which would be even more injurious. Furthermore, this new Section 5 will require the exercise of considerably more judgment and discretionary powers in its administration.

What constitutes a massive importation?  
What is a relatively short period of time?

We strongly suggest that the new anti-dumping legislation provide for assessment of dumping duty on all goods dumped that cause material injury.

## INVESTIGATION PROCEDURE

Section 13 requires that the Deputy Minister shall forthwith cause an investigation to be initiated either on his own initiative or on receipt of a complaint if he "is of the opinion" that there is evidence of dumping and injury. It should be noted that the requirement to act "forthwith" applies only after the Deputy Minister has formed his opinions. There is no requirement that the Deputy Minister should form his opinions promptly.

There is no requirement under sub-section 4 that the Deputy Minister shall proceed "forthwith" on receipt of the notice from the Anti-Dumping tribunal referred to therein.

## ANTI-DUMPING TRIBUNAL

It is important that members of the tribunal should have a background in Canadian Industry and that procedures before the Board should be relatively informal. The Shoe Manufacturers' Association of Canada has been in continuing contact with departmental investigators over a period of several years; we must express to the Committee our apprehension as to the delays and conflicts that may stem from the proposed new apparatus in and around the tribunal, and the veto power that seems to be proposed for the panel of Deputy Ministers. These provisions seem to suggest that experienced tribunal members may be turned into fact gatherers, rather than decision-makers, with many months of investigation being wasted by all concerned.

The Anti-Dumping tribunal is to consist of five full-time members, to be appointed by the Governor-in-Council, and is to have the status of a Court of Record, and for purposes of Section 170 of the Customs Act, the status of a Court of Justice should not be required

## [Traduction]

semble constituer une importation massive, et que ce dumping est préjudiciable.

La nouvelle loi permettra non seulement une seule infraction de dumping sans prélèvement de droits, mais une *Série d'infractions sans prélèvement*, ce qui peut être encore plus préjudiciable. En outre, l'application du nouvel article 5 reposera beaucoup plus qu'auparavant sur le jugement et la discrétion des fonctionnaires.

Qu'est-ce qu'une importation massive?  
Qu'est-ce qu'une période relativement courte?

Nous proposons avec insistance que la nouvelle loi antidumping prévoit le prélèvement d'un droit antidumping sur toutes les marchandises sous-évaluées qui causent un préjudice important.

## PROCÉDURE D'ENQUÊTE

Aux termes de l'article 13, le sous-ministre fait ouvrir immédiatement une enquête de sa propre initiative ou sur réception d'une plainte s'il «est d'avis» qu'il y a des éléments de preuve de dumping et de préjudice. Il est à noter que l'exigence d'agir «immédiatement» n'entre en vigueur que lorsque le sous-ministre s'est formé une opinion. Rien dans la loi ne stipule que le sous-ministre doive se former une opinion rapidement.

Rien dans l'alinéa (4) n'exige que le sous-ministre ouvre «immédiatement» une enquête sur réception d'un avis donné par le Tribunal dont il est question dans la loi.

## TRIBUNAL ANTIDUMPING

Il importe que les membres du Tribunal aient acquis une certaine expérience de l'industrie canadienne et que l'instruction du Tribunal se fasse sans trop de cérémonie. L'Association des fabricants de chaussures du Canada traite avec les enquêteurs du Ministère depuis nombre d'années; nous ne cachons pas au Comité notre inquiétude quant aux retards et aux conflits de compétence qui pourraient découler de l'instauration de ce nouveau Tribunal; nous nous soucions aussi du droit de veto dont jouirait un Comité consultatif composé de sous-ministres. Ces dispositions donnent à entendre qu'au lieu de prendre des décisions, certains membres expérimentés du Tribunal seront affectés à recueillir des faits, ce qui pourrait se prolonger pendant des mois et se révéler une perte de temps pour tous les intéressés.

Le Tribunal antidumping sera composé de cinq membres nommés par le gouverneur en conseil; il sera une cour d'archives et, aux fins de l'article 170 de la loi sur les douanes, il est censé être une cour de justice; à ce titre, le Tribunal ne devrait pas être tenu de

## [Texte]

to seek the advice of a panel of five civil servants.

This is an undesirable diffusion of responsibility and another cause of delay in decisions. Furthermore, this panel of five Deputy Ministers will exercise control or strong influence on the decisions of the tribunal and its independence.

## ACCESS TO INFORMATION

At this point, we would like to express our views with regard to the right of access by industry representatives to information that is developed abroad by government representatives there who are members of the investigating team. In many instances, the taxpayer applicant for relief from hardship cannot afford travel costs to Bucharest, Budapest, or Tokyo, to uncover vital facts as to subsidies, production costs, or trade practices. We suggest that the departmental investigator is, in fact, the citizen's agent, and that there should be a much freer exchange of these facts and figures with those Canadian manufacturer/citizens who are looking for relief. We therefore urge the Committee to call for a change in this policy. Perhaps the Chairman and Committee members will deem this suggestion to be the request of reasonable men, when the *onus* is always on the *Canadian applicant* to prove dumping, and then hardship.

## ADMINISTRATION

Before this new code goes into effect, the Customs Division should become so organized that it can proceed *thoroughly* and *quickly*, and should have the will to do so.

If the new code is to be applied "quickly and effectively", there is need for:

- more information on entries
- more prompt reporting of entries by local ports of entry
- more information relating to imports, which should be made available to the central administrative authorities move quickly
- improved mechanism for the determination of values abroad
- improved government facilities to establish facts promptly, which have been notably inadequate in the past, even when they were acceptable home market sales in an exporting country for like products.

## [Traduction]

demander conseil à un comité consultatif de cinq fonctionnaires.

Il est peu souhaitable de disperser ainsi la responsabilité, ce qui retardera davantage la prise de décisions. De plus, ce comité de cinq sous-ministres dominera ou influencera beaucoup les décisions et l'autonomie du Tribunal.

## ACCÈS À L'INFORMATION

Nous aimerions également exposer nos vues sur l'accès des représentants de l'industrie à l'information recueillie à l'étranger par les enquêteurs du gouvernement. Souvent, le contribuable qui demande de l'aide n'a pas les moyens de se rendre à Bucharest, à Budapest ou à Tokyo pour se renseigner sur les subventions, les frais de production ou les pratiques commerciales. Selon nous, l'enquêteur du Ministère est en fait l'agent du citoyen et les renseignements recueillis devraient être échangés beaucoup plus librement entre le gouvernement et le fabricant-citoyen canadien qui demande de l'aide. Nous prions donc instamment le Comité de demander que cette politique soit changée. Peut-être le président et les membres du Comité seront-ils d'avis que cette proposition est le fait d'hommes raisonnables, étant donné que c'est toujours au *demandeur canadien* qu'il incombe de prouver qu'il y a eu dumping et préjudice.

## APPLICATION

Il faudrait, avant que le nouveau Code n'entre en vigueur, que la Division des douanes soit organisées de manière à ce qu'elle puisse et veuille agir *promptement* à tous égards.

Pour que le nouveau Code puisse être mis en vigueur «promptement et efficacement», il faudra:

- plus de renseignements sur les marchandises dédouanées;
- plus de diligence de la part des ports douaniers à déclarer les marchandises dédouanées;
- plus de renseignements sur les importations et qu'ils soient fournis plus rapidement aux services centraux de l'administration;
- un meilleur système d'établissement des valeurs des produits à l'étranger;
- un meilleur service gouvernemental permettant d'établir les faits rapidement; ces services se sont révélés fort insuffisants dans le passé, même lorsque les ventes de produits semblables sur le marché intérieur du pay exportateur n'étaient pas extrêmement nombreuses.



## [Texte]

The administrative machinery of the Department of National Revenue should be overhauled to ensure the prompt availability of all data, whether it is to be obtained from abroad or from records in Canada.

## CONCLUSION

Anti-dumping legislation should be regarded as an extension into the international field of principles expressed nationally by statutes restricting discriminatory or predatory trade practices.

*Dumping is an unfair trade practice?* It is lessening free competition, sometimes destroying free competition. Dumping, besides being unlawful, is, in the long run, contrary to public interest.

Without the proper anti-dumping legislation, and without a prompt, vigorous, and efficient application, the capitalism of free enterprise will be replaced by the capitalism of international monopolies.

This statement of views has been submitted on behalf of a Canadian industry that no longer has the rate of growth it enjoyed in the past. Briefly stated, foreign manufacturers have captured the growth element in our market in recent years. It is for this fundamental reason that we urge your Committee to support the recommendations we have outlined in this submission, and we would welcome an opportunity to appear before you prior to your deliberations in this particular matter being brought to a close later this month.

Respectfully submitted,  
Jean-Guy Maheu, C.A.,  
Executive Vice-President.

November 20, 1968

## [Traduction]

Les rouages administratifs du ministère du Revenu national devraient être améliorés de manière à assurer que les données pertinentes soient rapidement disponibles, que ces données aient été recueillies à l'étranger ou extraites d'archives au Canada.

## CONCLUSION

La loi antidumping doit étendre au domaine international les principes énoncés à l'échelle nationale dans les lois qui restreignent les pratiques commerciales discriminatoires ou malhonnêtes.

*Le dumping est une pratique commerciale injuste.* Il restreint la libre concurrence, la détruit parfois. En plus d'être illégal, le dumping, à la longue, va à l'encontre de l'intérêt public.

Faute de loi antidumping appropriée que l'on puisse appliquer promptement, vigoureusement et efficacement, le capitalisme de libre entreprise sera tôt supplanté par le capitalisme de monopoles internationaux.

Cet exposé est présenté au nom d'une industrie canadienne qui n'a plus le rythme de croissance qu'elle avait dans le passé. Bref, au cours des dernières années, ce sont les fabricants étrangers qui ont profité de la croissance de notre marché. C'est pour cette raison fondamentale que nous prions instamment votre Comité d'appuyer les propositions formulées dans le présent mémoire, et nous serions reconnaissants d'avoir l'occasion de comparaître devant vous avant la fin de vos délibérations plus tard ce mois-ci.

Respectueusement soumis,  
Le vice-président exécutif,  
Jean-Guy Maheu, C. A.

Le 20 novembre 1968







MINUTES OF PROCEEDINGS  
AND EVIDENCE

This official bilingual edition contains the speeches as delivered in the English or French language in the left-hand column of each page of Evidence. The right-hand column of each page of Evidence utilizes the oral translations rendered by Simultaneous Interpreters with minor necessary revisions only. For the Minutes of Proceedings, the English text appears in the left-hand column and the French text or Translation on the right.

The purpose of this format is to make available simultaneously the Minutes of Proceedings and Evidence in both languages.

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PROCÈS-VERBAUX ET  
TÉMOIGNAGES

Cette édition bilingue officielle présente les interventions faites en français ou en anglais dans la colonne de gauche de chaque page. D'autre part, dans la colonne de droite, on utilise la transcription *in extenso* de l'interprétation simultanée à laquelle n'ont été apportées que de légères modifications de style ou de grammaire. Le texte anglais des procès-verbaux apparaît dans la colonne de gauche et le texte français ou la traduction dans la colonne de droite.

Le but de cette formule est d'accélérer la publication simultanée des procès-verbaux et témoignages dans les deux langues.

Cette édition peut être obtenue de l'Imprimeur de la Reine.

*Le Greffier de la Chambre,*  
ALISTAIR FRASER,  
*Clerk of the House.*



OFFICIAL BILINGUAL ISSUE  
(see panel on back cover)

HOUSE OF COMMONS

First Session

Twenty-eighth Parliament, 1968

STANDING COMMITTEE

ON

FINANCE, TRADE  
AND  
ECONOMIC AFFAIRS

*Chairman:* Mr. Gaston Clermont

MINUTES OF PROCEEDINGS  
AND EVIDENCE

No. 15

WEDNESDAY, DECEMBER 4, 1968

*Respecting*

White Paper on Anti-dumping

*Witness:*

*From the Department of Finance:* Mr. R. Y. Grey, Assistant Deputy Minister.

FASCICULE BILINGUE OFFICIEL  
(voir au verso du fascicule)

CHAMBRE DES COMMUNES

Première session de la  
vingt-huitième législature, 1968

COMITÉ PERMANENT

DES

FINANCES, DU COMMERCE  
ET DES  
QUESTIONS ÉCONOMIQUES

*Président:* M. Gaston Clermont

PROCÈS-VERBAUX ET  
TÉMOIGNAGES

N° 15

RÉUNION DU  
MERCREDI 4 DÉCEMBRE 1968

*Concernant*

Le Livre blanc sur l'antidumping

*Témoin:*

ROGER DUHAMEL, F.R.S.C.  
Queen's Printer and Controller of Stationery  
Imprimeur de la reine et contrôleur de la papeterie  
Ottawa, 1968

STANDING COMMITTEE ON  
FINANCE, TRADE  
AND  
ECONOMIC AFFAIRS

*Chairman:* Mr. Gaston Clermont

*Vice-Chairman:* Mr. Alastair Gillespie

and Messrs.

Blair,  
Burton,  
Comtois,  
Danson,  
Downey,  
Flemming,

Gauthier,  
Gervais,  
Gleave,  
Gray,  
Hales,  
Howard (*Okanagan  
Boundary*),

COMITÉ PERMANENT DE LA  
FINANCE, DU COMMERCE  
ET DES  
QUESTIONS ÉCONOMIQUES

*Président:* M. Gaston Clermont

*Vice-président:* M. Alastair Gillespie

et MM.

Lambert (*Edmonton  
West*),  
Latulippe,  
Portelance,  
Ritchie,  
Roberts,  
Trudel—(20)

*La secrétaire du comité,  
Dorothy F. Ballantine,  
Clerk of the Committee.*



## ORDERS OF REFERENCE

WEDNESDAY, December 4, 1968

*Ordered*,—That the name of Mr. Smith (Saint-Jean) be substituted for that of Mr. Comtois on the Standing Committee on Finance, Trade and Economic Affairs.

*Ordered*,—That the names of Messrs. Gervais and Comtois be substituted for those of Messrs. Émard and Smith (Saint-Jean) on the Standing Committee on Finance, Trade and Economic Affairs.

ATTEST:

## ORDRES DE RENVOI

Le MERCREDI 4 décembre 1968

*Il est ordonné*,—Que le nom de M. Smith (Saint-Jean) soit substitué à celui de M. Comtois sur la liste des membres du comité permanent des finances, du commerce et des questions économiques.

*Il est ordonné*,—Que les noms de MM. Gervais et Comtois soient substitués à ceux de MM. Émard et Smith (Saint-Jean) sur la liste des membres du comité permanent des finances, du commerce et des questions économiques.

ATTESTÉ

*Le Greffier de la Chambre des communes*

ALISTAIR FRASER

*Clerk of the House of Commons*





(Text)

## MINUTES OF PROCEEDINGS

WEDNESDAY, December 4, 1968.  
(24)

The Standing Committee on Finance, Trade and Economic Affairs met at 3:55 p.m. this day, the Chairman, Mr. Clermont, presiding.

*Members present:* Messrs. Blair, Clermont, Danson, Emard, Gillespie, Gleave, Gray, Hales, Howard (*Okanagan Boundary*), Lambert (*Edmonton West*), Portelance, Ritchie, Roberts, Trudel, Smith (*Saint Jean*)—(15).

*In attendance:* From the Department of Finance: Messrs. R. Y. Grey, Assistant Deputy Minister and C. D. Arthur, International Economic Relations Division. From the Department of National Revenue (*Customs and Excise*): Messrs. A. R. Hind, Assistant Deputy Minister; M. T. Keam, Director, Customs Appraisal Division; H. D. MacDermid, Chief, Valuation Section. From the Department of Trade and Commerce: Messrs. T. M. Burns, General Director and C. J. Kelly, Office of Area Relations. From the Department of Industry: Mr. V. R. St-Louis, Office of Industrial Policy.

The Committee resumed consideration of the White Paper on Anti-Dumping and, at the request of the Chairman, Mr. Grey made a brief statement on proposed amendments to the draft bill contained in the White Paper. He tabled copies of the staid amendments, copies of which were distributed.

Mr. Grey also made a statement dealing with various points that had arisen during the Committee's hearings, and was questioned.

At 5:45 p.m., the Committee adjourned until 9:30 a.m. Thursday, December 5, 1968.

*La secrétaire du Comité,  
Dorothy F. Ballantine,  
Clerk of the Committee.*

(Traduction)

## PROCÈS-VERBAL

Le MERCREDI 4 décembre 1968  
(24)

Le Comité permanent des finances, du commerce et des questions économiques se réunit cet après-midi à 3 h. 55 sous la présidence de M. Clermont, président.

*Présents:* MM. Blair, Clermont, Danson, Emard, Gillespie, Gleave, Gray, Hales, Howard (*Okanagan Boundary*), Lambert (*Edmonton-Ouest*), Portelance, Ritchie, Roberts, Trudel, Smith (*Saint Jean*)—(15).

*Aussi présents:* Du ministère des Finances: MM. R. Y. Grey, sous-ministre adjoint et C. D. Arthur, division des relations économiques internationales. Du ministère du Revenu national (*Douanes et Accise*): MM. A. R. Hind, sous-ministre adjoint; M. T. Keam, directeur de la division de l'appréciation (douanes); H. D. MacDermid, chef de la section de l'évaluation. Du ministère du Commerce: MM. T. M. Burns, directeur général et C. J. Kelly, bureau des relations régionales. Du ministère de l'Industrie: M. V. R. St-Louis, bureau de la politique industrielle.

Le Comité reprend l'examen du Livre blanc sur l'antidumping, et, à la demande du président, M. Grey fait un bref exposé sur les amendements proposés au projet de loi compris dans le Livre blanc. M. Grey dépose des exemplaires des amendements proposés, exemplaires qui sont distribués.

M. Grey fait une déclaration au sujet de certaines questions qui ont été soulevées au cours des séances du Comité, puis répond aux questions.

A 5 h. 45 de l'après-midi, le Comité s'ajourne jusqu'à 9 h. 30 du matin le jeudi 5 décembre 1968.





[Text]

## EVIDENCE

(Recorded by Electronic Apparatus)

Wednesday, December 4, 1968

• 1554

**The Chairman:** Gentlemen, I call the meeting to order.

Today we will start the third round of our study of the White Paper. Our first witness is Mr. R. Y. Grey, Assistant Deputy Minister, Department of Finance. Also present is Mr. C. D. Arthur, International Economics Relation Division, Department of Finance and Mr. A. R. Hind, Assistant Deputy Minister, Department of National Revenue (Customs and Excise).

I understand Mr. Grey has some comments to make before presenting to the Committee the amendments he would like to suggest for your discussion and approval.

**Mr. R. Y. Grey (Assistant Deputy Minister, Department of Finance):** Mr. Chairman, there are a number of points I would like to deal with. The first is to comment on some amendments we would like to propose for your consideration which are advanced in the light of the comments made by members of your Committee, by the representatives of the various industry groups that have appeared before the Committee and as a result of the continuing study of the draft Bill which has gone on in the group of drafting officers from the various departments.

The second thing I would like to do is to go back over the record of discussion and fulfill the undertakings that either Mr. Arthur or I gave to deal with various points. I have a list of these and I will deal with them one after the other.

• 1555

I think the most important of these are the ones dealing with the various aspects of the United States legislation. I had left these until we had concluded our discussions with the United States' representatives.

Mr. Chairman, with your permission I will start with the first matter, the question of the amendments which we would like to propose for your consideration. Mr. Arthur has made available to you a mimeographed document...

**The Chairman:** I understand each member has a copy.

[Interpretation]

## TÉMOIGNAGES

(Enregistrement électronique)

[Interpretation]

**Le président:** Messieurs, aujourd'hui, nous allons étudier le Livre blanc. Nous avons comme premier témoin M. Grey, sous-ministre adjoint des Finances; sont aussi présents M. C. D. Arthur, Division des relations économiques internationales, ministère des Finances et M. A. R. Hind, sous-ministre adjoint, ministère du Revenu (douanes et accise).

D'après ce qu'on m'a dit, M. Grey a des commentaires à faire, avant de présenter des modifications qui vous sont suggérées.

**M. R. Y. Grey (sous-ministre adjoint des Finances):** Monsieur le président, il y a un certain nombre de points dont je voudrais traiter. Premièrement, je voudrais commenter certains amendements que nous voudrions vous soumettre, qui sont avancés, à la lumière des commentaires formulés par les membres du Comité, par les représentants de divers groupes intéressés qui ont comparu au Comité, et à la suite de étude du projet de loi effectué par un groupe de fonctionnaires des ministères intéressés.

Deuxième chose, je voudrais reprendre les comptes rendus des délibérations, pour reprendre certains points soulevés par M. Arthur ou par moi-même. Nous étudierons ces points dans l'ordre.

Tout d'abord, nous allons étudier les différents aspects des lois américaines qui nous intéressent.

D'abord, monsieur le président, avec votre autorisation, je prendrai la question des amendements que nous avons l'intention de proposer. M. Arthur vous a donné un document miméographié.

**Le président:** Chaque député a un exemplaire de ce document?

[Text]

**Mr. R. Y. Grey:** ...and it will be seen that a number of these are highly technical. I would suggest, Mr. Chairman, that you might wish to consider dealing with the more technical ones in the course of the clause by clause examination of the proposed Bill.

**The Chairman:** I agree, Mr. Grey.

**Mr. R. Y. Grey:** However, I might comment on the principal ones because they do follow directly from discussion in this Committee.

**The Chairman:** Is it agreeable to you gentlemen that we give some copies of the amendments to the press?

**Some hon. Members:** Agreed.

**Mr. R. Y. Grey:** I suppose the major change which we would suggest for your consideration is to drop the concept of a panel of deputy ministers or their nominees whose advice would be sought by the Tribunal.

It has been noted that the Tribunal has, of course, the power to seek advice and obtain information from various departments and agencies of the government and a number of objections were raised that this process would be time-consuming. It seemed to us that there was some merit in these objections.

Therefore, we would propose it be dropped, but at the same time there are some related changes that we would like to propose. One is to make the rules regarding procedure which under the draft Bill as it now stands could be passed by the Tribunal subject to the approval of the Governor in Council.

The problem that we are trying to deal with here is that the Code sets out a number of important obligations about the manner in which an inquiry into dumping and an inquiry into injury can be conducted.

In so far as an inquiry into dumping which will be conducted by the Deputy Minister of the Department of National Revenue is concerned, he can be instructed by his Minister to conduct it in a manner that is consistent with the Code, but the Tribunal is an independent body and the problem arises of how the Government of Canada can, obviously, be seen to have the power to meet its obligations to be legally certain that the rules of the proceedings of the Tribunal are consistent with the Code.

In my view, the important obligations in relation to the Anti-dumping Tribunal are procedural obligations which arise out of the concern which was often voiced by representatives of the United States during these negotiations that certain countries conducted

[Interpretation]

**M. Grey:** On constatera qu'un certain nombre de ces amendements sont très techniques, monsieur le président. Nous examinerons les plus techniques d'entre eux lorsque nous étudierons le projet de loi article par article.

**Le président:** D'accord.

**M. Grey:** Je commenterai les principaux, car ils découlent directement des délibérations du Comité.

**Le président:** Est-ce que vous êtes d'accord, messieurs, pour que nous donnions à la presse des copies de ces modifications?

**Des voix:** Accepté.

**M. Grey:** Je suppose que la modification principale que nous vous soumettrons sera d'abandonner l'idée du groupe de sous-ministres ou de représentants du sous-ministre, chargé de conseiller le tribunal anti-dumping.

Le tribunal a naturellement le droit de demander conseil à des organismes de l'État. Un certain nombre d'objections ont été soulevées; on a avancé que ce processus prendrait du temps et certaines objections nous ont semblé bien fondées.

Nous proposons donc l'abandon de ce groupe. En même temps, il y a des changements du même ordre que nous voudrions proposer: premièrement, que le règlement de procédure soit approuvé par le gouverneur en conseil.

Le code prévoit certaines obligations sur la façon de faire enquête sur le dumping et enquête sur les préjudices subis.

En ce qui concerne l'enquête sur le dumping dont sera chargé le sous-ministre du Revenu national, ce dernier peut être aidé par le ministre pour faire une étude correspondant au Code. Mais, le tribunal est un organisme indépendant. Le tribunal doit aider le gouvernement du Canada à remplir ses obligations. Il faut être certain, que les décisions du tribunal seront conformes au Code.

Les obligations principales, à mon avis, en ce qui concerne ce tribunal anti-dumping, ce sont des obligations de procédure venant de préoccupations mentionnées par des représentants des États-Unis qui ont soutenu que certains pays font leur enquête en secret. C'est



[Texte]

their investigations into injury in a very private and rather "star-chamber" approach. This was the phrase which, in fact, was used in those discussions. Therefore, the procedural obligations are very important.

For this reason we suggest that the rules of the Tribunal be made subject to approval by the Governor in Council and they would, of course, be published in the *Canada Gazette*.

**Mr. Lambert (Edmonton West):** May I say something on that point?

**The Chairman:** Yes, Mr. Lambert.

**Mr. Lambert (Edmonton West):** Mr. Grey, are the rules of the Tariff Board as to procedure and the rules of the Tax Appeal Board as to procedure subject to the approval of the Governor in Council?

**Mr. R. Y. Grey:** Mr. Lambert, I am not sure if this is the case.

**Mr. Lambert (Edmonton West):** Also in this regard, are the Canadian Radio and Television Commission's rules and procedures subject to the approval of the Governor in Council?

**Mr. R. Y. Grey:** I am not sure on this point, Mr. Lambert. I think it is unlikely that the Tariff Board's—the body with which I am most familiar—rules are subject to approval by the Governor in Council, but, of course, I think that would be due to the fact that we do not have international obligations regarding the manner of proceeding before those bodies and we do have in the Code. That is the difference.

**Mr. Lambert (Edmonton West):** I will have something to say about that later. I think this is the wrong place for a submission. I think they can be sent to Parliament for examination, but not to the Governor in Council. However, I will raise that point later.

• 1600

**Mr. R. Y. Grey:** A second proposal related to the proposal to drop the panel and to ensure the independence of the Tribunal is to provide that it should make an annual report to the Minister of Finance which the Minister of Finance would then table within the next 15 sitting days.

This will provide an occasion for Parliament and members to express views on whether the Tribunal is ignoring injury or threat of injury when, in the view of members of Committee, it exists and, alternatively, to express the view that it is finding injury

[Interprétation]

pourquoi, les obligations quant à la procédure employée sont très importantes.

C'est pourquoi nous pensons que le règlement du tribunal devra être approuvé par le gouverneur en conseil et son texte devra figurer dans la *Gazette du Canada*.

**M. Lambert (Edmonton-Ouest):** Puis-je avoir la parole?

**Le président:** Oui, monsieur.

**M. Lambert (Edmonton-Ouest):** Est-ce que le règlement de la Commission du Tarif, en ce qui concerne la procédure, et celui de la Commission d'appel de l'impôt, en ce qui concerne la procédure, sont soumis à l'approbation du gouverneur en conseil?

**M. Grey:** Je n'en suis pas certain.

**M. Lambert (Edmonton-Ouest):** En serait-il de même du Conseil de la radio-télévision canadienne?

**M. Grey:** Je n'en suis pas tout à fait certain, monsieur Lambert. Il est peu probable que les règlements de la Commission du tarif, soient soumis à l'approbation du gouverneur en conseil, mais nous n'avons pas d'obligations internationales en ce qui concerne la procédure de ces organismes. Ici, il y a une différence.

**M. Lambert (Edmonton-Ouest):** J'aurais quelque chose à ajouter. Je crois que cela doit être soumis au Parlement, mais non au gouverneur en conseil, mais je soulèverai ce point plus tard.

**M. Grey:** Il y a une autre proposition qui découle de celle de l'abandon du groupe pour assurer l'indépendance du tribunal. Elle consiste à prévoir un rapport qui sera transmis au ministre des Finances, le ministre des Finances déposant ce rapport dans les quinze jours suivants.

Ainsi le Parlement ou les députés auront la possibilité d'exprimer leur opinion au sujet des préjudices qui pourraient exister, préjudices que le Canada n'a pas à subir en vertu de ses obligations internationales.

[Text]

which is not consistent with Canada's international obligations.

We think, as a whole, that this would be a useful technique of bringing the operations of the Tribunal under, shall we say, a degree of scrutiny. This is, I think, a departure from normal practice, but then the idea of the Code is quite new, as well.

A fourth change is to provide that the orders exempting goods from the application of this proposed Bill be published in the *Canada Gazette*. This was the point on which Mr. Lambert commented. Until he drew my attention to it I was not aware that there was a power in the Regulations Act to say that a regulation is not a regulation and need not be published.

I think it is beyond question that a general order which exempts a class of goods from the protection of this Bill should, in fact, be published in the *Canada Gazette*. It should not be a private matter and, therefore, I very strongly agree with Mr. Lambert's proposal and it has been incorporated in this list.

Those, Mr. Chairman, are the principal amendments as to substance which are to be found in this mimeographed document. The others are, more or less, technical and some of them, I think, as we have already indicated in discussions before the Committee, we would wish to advance at a later point.

**Mr. Gray:** Mr. Grey, you also were to deal with the point that was raised with respect to the meaning of "associated persons". You were to clarify that as this was the subject of a great deal of concern in our earlier hearings. Perhaps you would want to bring that to the attention of the Committee.

**Mr. R. Y. Grey:** Mr. Chairman, I indicated at an earlier meeting that I thought the difficulty with that particular definition was that in using the term "associated" which comes out of the Code and the reference to the Income Tax Act it had created some confusion.

The reference we intended was to the "arm's length" provision in the Income Tax Act and the revision of that clause which is the second amendment in this proposed list, makes it clear by reference to the explicit section of the Income Tax Act and should remove any ambiguity that existed in the previous draft clause and does not refer to the section dealing with associated corporations or to the discretionary power on which Mr. Lambert commented.

**Mr. Hales:** By suggesting that the Tribunal make an annual report, I presume you have in mind that they will report the number of

[Interpretation]

Nous pensons que, dans l'ensemble, cela constituerait une méthode utile permettant de contrôler d'une certaine façon le fonctionnement du Tribunal. Cela n'est pas conforme à l'habitude, mais l'idée du code est quelque chose de très nouveau également.

Le quatrième amendement a trait aux exemptions, et veut que les exemptions soient publiées dans la *Gazette du Canada*. M. Lambert en a parlé. Il a attiré mon attention sur le fait. Je ne savais pas qu'il y avait dans la Loi sur les règlements des dispositions disant que si un règlement n'est pas véritablement un règlement, il n'a pas besoin d'être publié.

J'estime toutefois qu'un décret soustrayant une classe de marchandises à l'application de la loi proposée devrait être publié dans la *Gazette du Canada*. Ce n'est pas une question confidentielle et j'approuve M. Lambert.

Monsieur le président, voilà les amendements principaux que l'on retrouvera dans le document miméographié. Les autres sont d'ordre technique et certains ont déjà été soulevés au cours de nos discussions au comité, et nous en reparlerons plus tard.

**M. Gray:** Vous étiez aussi supposé traiter de la question des personnes associées de façon à clarifier le sujet.

**M. Grey:** Monsieur le président, j'ai déjà indiqué à une autre réunion, que cette définition entraînait des difficultés au sujet du mot «associé» dont on parle dans le code, et la référence à la Loi de l'impôt sur le revenu a causé de la confusion.

Le revision de cet article, qui est le deuxième amendement que nous suggérons, réfère à l'article de la Loi de l'impôt sur le revenu. Il faudrait éliminer l'ambiguïté qui existe. M. Lambert a déjà fait des commentaires à ce sujet.

**M. Hales:** Vous dites que le Tribunal devrait présenter un rapport annuel. Vous pensez probablement qu'il fera un rapport sur



## [Texte]

cases they have heard; the disposition of them and the length of time they took as well as other pertinent information?

**Mr. R. Y. Grey:** That is right, Mr. Hales. I suppose it will be for the Tribunal to decide on the format of its report and how extensive and how detailed it might be. Since their decisions will be made public, presumably there will be some indication, perhaps by annex to the report, and thereby putting these decisions before the House. Presumably their subsequent reports will reflect the views expressed by members of the House.

**Mr. Lambert (Edmonton West):** I am sure it is not the intention of the Committee to, shall we say, make the decisions of the Tribunal appealable to the House. This would be quite wrong and I feel that there may be some question about this. I do not know whether the Immigration Appeal Board which is independent of the Minister and the Department, reports precisely, outside perhaps of fractural information, how many appeals were heard and what the general results were as far as the number accepted and so forth.

• 1605

It seems to me if we are to have a body of men who feel they can act independently and can give just decisions as expeditiously as possible, there cannot be any of this business of dragging it across the coals again through the guise of a report before a Parliamentary Committee as to individual cases. I would never accept that as a line of conduct that would be acceptable to Parliamentarians.

In so far as the report itself is concerned, I think it should be tabled by the Minister in that way. I am not satisfied, as I said, though about making their rules subject to the approval of Governor in Council.

I do not think this applies to any of the other boards. It appears in the statutes that there is an undertaking by the Minister in question that as soon as the rules are made and are promulgated they shall be tabled and then they may be referred to the Parliamentary Committee dealing with that particular board. However, I have in mind, the question of delegated legislation in the future.

I do not think you could have a board such as the Canadian Radio and Television Commission, the Tax Appeal Board and others, who, in fact, may come into conflict with the interests of the Crown operate under this condition if they are to maintain their independence. They may have to judge conflicting claims between the Crown and individuals and I do not think their rules should be sub-

## [Interprétation]

le nombre de cas étudiés, sur le temps passé sur chacun et sur des informations de ce genre.

**M. Grey:** C'est vrai, monsieur Hales. Je pense que le Tribunal décidera de la forme de son rapport. Comme leurs décisions seront publiques, il y aura d'autres indications à ce sujet. Les décisions seront présentées à la Chambre et les rapports subséquents refléteront les opinions exprimées par les députés.

**M. Lambert (Edmonton-Ouest):** Je suis sûr que le Comité ne tient pas à ce que les décisions prises par le Tribunal soient discutées à la Chambre. Je ne sais pas si la Commission d'appel de l'immigration, qui est indépendante du ministre et du ministère, présente un rapport précis sur le nombre d'appels, les résultats et les faits généraux.

Je pense que, si un groupe de personnes agit de façon indépendante et donne des décisions justes avec célérité, il est inutile de tout recommencer devant le comité parlementaire et de reprendre chaque cas en particulier. Je n'accepterais pas cela. Je pense que ce n'est pas une ligne de conduite acceptable pour nous.

Pour ce qui est du rapport, il devrait être remis au ministre. Je ne pense pas toutefois que les règlements devraient être approuvés par le gouverneur en conseil.

Je ne pense pas que cela soit arrivé dans les autres commissions. Selon les lois, dès que les règlements sont promulgués, le ministre doit voir à ce qu'ils soient déposés et déferés au comité parlementaire qui est responsable de cette commission. Je pense surtout à la délégation de pouvoirs.

Nous ne pouvons pas avoir une commission, comme, le Conseil de la radio-télévision canadienne, la Commission d'appel de l'impôt et d'autres, qui, en fait, peut aller contre les intérêts de la Couronne. Elle ne pourra pas fonctionner dans une telle condition, si elle veut conserver son indépendance. Il peut donc y avoir des conflits entre la Couronne et des individus. Alors, leurs règlements ne

[Text]

ject to revision and control by the Governor in Council.

**Mr. Gray:** Mr. Chairman, as I read the proposal, I do not think the rules are subject to change. Once the Tribunal has made its rules and they have been approved by the Governor in Council, to change them further the initial initiative would have to come from the Tribunal. That is the way I read the amendment. It says:

The Tribunal may, subject to the approval of the Governor in Council, make rules respecting

(a) the sittings of the Tribunal;...

I understand Mr. Lambert's concern and I think it is one that we share, but it is my impression after reading the proposal that once the initial set of rules has been made and approved by the Governor in Council, then all concerned operate under these rules and the Governor in Council will not have the authority to go back and say that they did not like their last decision and, therefore, is going to change its rules.

The initiative for any making of rules has to come from the Tribunal. Is that not the correct interpretation, Mr. Grey?

**Mr. R. Y. Grey:** Mr. Chairman, I thought of that particular point. However, I would like to revert to what Mr. Lambert said.

I think this is the only Tribunal of this sort where the government has assumed international obligations. There has been established an international Committee which is going to scrutinize the actions taken by governments and here, the Tribunal is, in the international sense, the government's agency even though in terms of domestic law it is, of course, independent.

It has been my view that as long as they observe the definition of industry which is provided for in the Bill that in an inquiry into injury a group of sensible people could not do anything else but adhere to the Code because the obligations of the Code are indicative; there are examples and they are common sense. The procedural sections of the Code are really quite definite and there must be some way in which the obligations assumed by the Government of Canada will be, in fact, carried out by the body that is charged with this portion of the inquiry.

**Mr. Lambert (Edmonton West):** Yes, but I beg to differ with you, Mr. Grey. I do not think it is mandatory to do that. I recognize the international obligations, but the procedural rules of the Tribunal should not be subject to prior approval by the Governor in

[Interpretation]

devraient pas être révisés par le gouverneur en conseil.

**M. Gray:** En lisant la proposition, je ne trouve pas que les règlements seront modifiés. Lorsque le tribunal énonce des règlements et qu'ils sont approuvés par le gouverneur en conseil, la décision de les modifier revient au Tribunal. Voici la modification proposée:

Le Tribunal peut, sous réserve de l'approbation du gouverneur en conseil, établir des règles concernant

(a) les séances du Tribunal;...

Je pense que M. Lambert a des inquiétudes valables que nous pouvons partager, mais lorsque les règlements ont déjà été approuvés par le gouverneur en conseil, celui-ci n'est pas autorisé à revenir sur la décision et à dire: «Nous n'aimons pas telle ou telle décision. Nous allons donc changer les règlements.» C'est le tribunal qui doit énoncer les règlements. Nest-ce pas, monsieur Grey?

**M. Grey:** Monsieur le président, j'avais pensé à cela. Toutefois, je voudrais revenir à ce que M. Lambert a dit. Je pense que ce sera le seul Tribunal du genre où le gouvernement a des obligations internationales.

Il existe un Comité international qui étudiera à fond les mesures prises par les gouvernements. Ce Tribunal est donc une agence gouvernementale, même si, sur le plan national, il est indépendant.

Tant qu'on respectera la définition de l'industrie, telle qu'élaborée dans le projet de loi, je pense qu'au cours des enquêtes sur les préjudices, il faudrait s'en tenir au Code, car les indications du Code sont précises. Il y a des exemples qui sont pleins de bon sens. Les règles de procédure sont très précises dans ce Code et je pense que les obligations du gouvernement du Canada seront exécutées par l'organisme qui est chargé de mener cette partie de l'enquête.

**M. Lambert (Edmonton-Ouest):** Je ne suis pas d'accord, monsieur Grey. Je ne pense pas qu'il soit obligatoire de le faire. Je reconnais nos obligations internationales, mais les règles de procédure du Tribunal ne devraient pas être d'abord approuvées par le gouverneur en



[Texte]

Council. They will make their rules; they have to publish them through the Minister of Finance and table them in the House and there is the publication. That body is responsible to the Parliament of Canada.

• 1610

After all, the Parliament of Canada is the responsible authority. It is not the Governor in Council. The Government of Canada is not the Governor in Council. I want to make this point abundantly clear because many times there seems to be a blurring of this distinction.

I want to re-emphasize the distinction that it is Parliament that is the Government of Canada and, therefore, the rules shall be tabled with Parliament and will be subject to the scrutiny of Parliament.

I do not think there could then be anyone in the world who could point a finger at the possibility of the Canadian Tribunal operating off in a corner hidden from public scrutiny.

I draw attention to the distinction and I do object to the Governor in Council having the right of veto on the rules because the Crown itself could be involved in a decision such as in the case of heavy electrical equipment where the Tribunal may have to deal with one of the provincial electrical authorities. These are an emanation from the Crown...

**Mr. R. Y. Grey:** In the right of the province.

**Mr. Lambert (Edmonton West):** ...in the right of the province, but still the Crown.

There is also the question of a Crown Corporation. All right, I will bring it right down to the Crown of Canada—the Canadian National Railways—who for 30 years have had a by-law that prohibits its officers in the engineering division from publishing the details of any tenders even to other bidders and even the amount of the successful tender.

I would put it to you that I would much prefer they make the rules, but that through the Minister of Finance they are tabled and then are open to scrutiny. I would not like to have the prior veto of the Governor in Council.

**Mr. Blair:** Mr. Chairman, I would like to make a couple of comments on what Mr. Lambert has said: Firstly, by and large, the Crown may be somewhat neutral in these proceedings. It is enforcing the law, but the proceedings substantially will be activated by the commercially competitive conditions between the different interests involved.

[Interprétation]

conseil. On établit les règlements; ils sont publiés sous l'autorité du ministre des Finances et déposés à la Chambre. Cet organisme est comptable au Parlement du Canada.

Le Parlement est l'autorité responsable. Ce n'est pas le gouverneur en conseil. Le gouvernement du Canada est différent du gouverneur en conseil. Je veux que ce soit très précis. Très souvent cette distinction est nébuleuse. Je tiens à insister sur le fait qu'il s'agit ici du Parlement. C'est le Parlement qui est le gouvernement du Canada, et, par conséquent, les règlements devront être déposés au Parlement et étudiés par ce même Parlement.

Il n'y a personne au monde qui puisse dire au Tribunal canadien que ses règlements ne sont pas acceptés. Tout cela résiste à l'examen public.

J'établis cette distinction et je m'oppose à ce que le gouverneur en conseil ait un droit de veto sur ces règlements, car la Couronne pourrait être impliquée dans une décision. Songeons, par exemple, au cas de l'équipement électrique lourd, alors que le tribunal devra peut-être traiter avec les autorités provinciales dans le domaine de l'électricité.

**M. Grey:** Dans l'intérêt d'une province.

**M. Lambert:** Dans l'intérêt d'une province, mais qui affecte la Couronne. Il y a aussi la question des sociétés de la Couronne. Prenons, par exemple, le cas des Chemins de fer canadiens qui, depuis trente ans, ont un règlement qui interdit à ses employés de la division du génie de divulguer les détails des appels d'offre, même à ceux qui ont fait des appels d'offre.

Je préfère vraiment qu'ils fassent les règlements. Ce sera au ministre des Finances de les déposer. Je ne veux pas qu'il y ait d'abord un droit de veto de la part du gouverneur en conseil.

**M. Blair:** Je voudrais commenter ce que M. Lambert a dit.

D'abord, de façon générale, la Couronne peut être neutre dans ses procédures. Elle doit appliquer la loi, mais les procédures dépendront des conditions de concurrence entre divers intérêts en cause.

## [Text]

Secondly I do not wish to embark on a big constitutional debate with my friend, if the aim of this particular provision is to ensure that Canada does, in fact, satisfy an international obligation, then I submit that it can only be accomplished by giving this power to the executive and not to Parliament because, as we know, treaties are made by the Crown —by the executive.

They may or may not be ratified by the House; they may or may not be implemented by legislation passed by Parliament, but the executive responsibility for adherence to an international agreement reside at all times in the government.

**Mr. R. Y. Grey:** Mr. Chairman, an alternative approach and one which for purely technical reasons I would not recommend to the Committee would be for Parliament to enact that in making its rules and procedures, the Tribunal should take fully into account the procedural obligations of the Code. I would have recommended that to the Committee if the procedural obligations of the Code had been more carefully drafted, but the problem in all international conventions of this sort is that it is necessary to set down language which will meet the needs of a variety of jurisdictions. They are drafted under greater pressure of time, in fact, than even this Committee has operated and the wording is not perfectly exact and precise.

Therefore, I would suggest that that course is really not to be recommended, but that would have been an alternative way to do it.

We have used the technique that is suggested in the Bill in terms of what is the definition of "industry" because that particular section of the Code is quite precise.

I do not really wish to argue with Mr. Lambert who is a much better constitutionalist than I am, but I do recall that this Code was signed on behalf of the Government of Canada by the issue of full power by the Governor in Council. I am not sure it has to be ratified in order for Canada to meet its obligations, but it is necessary for us to change our domestic legislation which is not a process of ratification.

## • 1615

We are not proceeding by ratifying the Anti-dumping Code; we are proceeding by changing domestic legislation in a manner analogous to the way the United States met its obligations under the Canada-United States Automotive Products Agreement, not

## [Interpretation]

Deuxièmement, je ne tiens pas à entreprendre un débat constitutionnel avec mon ami. Si le but de ces dispositions stipule que le Canada doit répondre à une obligation internationale, je dis que cela peut se faire seulement en remettant ce droit au pouvoir exécutif et non pas au Parlement. Car, comme vous le savez, les traités sont signés par la Couronne ou par le pouvoir exécutif. Ils ne sont pas toujours ratifiés par la Chambre. Il n'y a pas toujours des lois du Parlement pour les mettre en vigueur. Mais, dans le cas des ententes internationales, cela revient au gouvernement.

**M. Grey:** Il y a une alternative que, pour des raisons techniques, je ne recommande pas au Comité. En établissant les règlements et la procédure, le Parlement pourrait ordonner que le Tribunal tienne compte des obligations de procédure du Code. Je l'aurais recommandé au Comité, si la procédure avait été libellée avec plus de soin. Dans tous les accords internationaux, cela peut être interprété de façon différente dans chaque pays. Je pense qu'on a rédigé ces règlements sous une pression encore plus grande qu'ici. Le libellé n'est pas toujours exact et précis.

Je suggère donc que l'on ne devrait pas suivre cette voie, même si cela aurait été une alternative. Nous avons utilisé la technique proposée dans le projet de loi, pour la définition du mot «industrie», car cet article du Code est très précis en fait.

Je ne veux pas discuter avec M. Lambert, mais je me souviens que le Code a été signé au nom du gouvernement du Canada par le gouverneur en conseil. Je ne sais pas s'il faut le ratifier, mais il faut changer notre loi pour répondre à nos obligations internationales. Ce n'est pas une question de ratification.

On ne se limitera pas à ratifier le Code antidumping, nous allons aussi modifier nos lois, comme on l'a fait aux États-Unis, quand le Canada et les États-Unis ont signé une entente sur l'automobile. On ne s'est pas contenté de prendre acte de l'entente, on a aussi



*[Texte]*

by taking notice of the Agreement, but by a change of the domestic legislation. I recall in my opening remarks to the Committee I dealt with precisely that point.

It is, of course, for the Committee to decide how it wishes to deal with this point, but there is a problem here about the rules complying with our international obligations which the draftsmen had failed to grapple with in preparing the White Paper and I do think unless the legislation is, technically open, there is the possibility that the Tribunal, if they are strongminded independent people, may make rules that are not consistent with our obligations.

I think that since we are also engaged in pressing other countries to adhere to their obligations precisely that we would be wise to deal with this point, somehow. We thought we had found the most appropriate technique.

**The Chairman:** Are there any other comments, gentlemen, before we move on to the clause by clause examination?

**Mr. Gray:** I think Mr. Rod Grey has some additional comments to make.

**Mr. R. Y. Grey:** Mr. Chairman, the second part of what I had to say today was to deal with the various points that had arisen in the course of the Committee's hearings in which we had undertaken to comment one way or another. This is in the nature of the unfinished business.

I will take these roughly in the order that they appear in the printed evidence.

On pages 90 and 91, Mr. Chairman, I undertook to find out how leased goods would be treated under the proposed legislation. As I suggested at that time, it appears that export price would be determined under clause 10(2) (d).

The establishment of normal value would, however, depend on whether the goods are sold or leased in the country of export.

If sold, it would appear that the normal value would be established under clause 9. If they are only leased in the market of the country of export, the normal value would be established under clause 11, which is the residual authority for establishing normal value in the draft Bill.

On page 92 I am reported as agreeing to seek advice regarding whether the Interpretation Act provides that the plural includes the singular. That was in the context of whether it would be possible for one producer to

*[Interprétation]*

modifié les lois pertinentes. D'ailleurs, j'en ai parlé au début de mes observations.

En fait, le Comité doit se décider. Il y a une question de règlements. Il faut tenir compte de nos obligations internationales et peut-être qu'on n'en a pas tenu compte dans le Livre blanc. Je pense, toutefois, qu'il est possible que le Tribunal, s'il se compose de personnes à forte personnalité, n'ait pas besoin de tenir compte de tous les règlements.

Mais, il faut aussi que les autres pays fassent honneur à leurs obligations et je pense qu'il faut aussi étudier cette question.

**Le président:** Avez-vous d'autres commentaires, Messieurs, avant que nous passions à l'étude du document, article par article.

**M. Gray:** Je crois que M. Grey a quelque chose à ajouter.

**M. R. Y. Grey:** Monsieur le président, la seconde partie de mon exposé traite des divers points qui ont été mentionnés au cours des séances du Comité. Nous voulions les commenter d'une façon ou d'une autre. J'en parlerai rapidement. Aux pages 90 et 91 du compte rendu du Comité, je voulais savoir comment les marchandises seraient traitées, en vertu du nouveau projet de loi. Il semble que le prix à l'exportation sera fixé conformément à l'article 10(2)d), et pour établir la valeur normale, il s'agira de savoir si les objets sont loués ou vendus dans le pays d'exportation.

S'il sont vendus, la valeur normale sera fixée conformément à l'article 9. Si les marchandises sont seulement louées dans le pays d'exportation, la valeur normale sera fixée conformément à l'article 11.

A la page 92 du compte rendu, on veut savoir si la Loi d'interprétation prévoit que le pluriel comprend le singulier. Il faut savoir si un producteur peut déposer une plainte. Il s'agit des plaintes déposées par les produc-

*[Text]*

launch a complaint under the phrase "complaint by or on behalf of producers in Canada".

I am advised by the solicitor to the Treasury Board that Section 26(7) of the Interpretation Act reads:

Words in the singular include the plural and words in the plural include the singular.

I think the answer to the question phrased on page 92 is, therefore, yes.

On page 94 I undertook to give further consideration to the question of whether the orders or findings of the Tribunal should be made public and it will be seen that this is dealt with, in a sense, in these proposed amendments.

In my view the Code requires that they be made public and this is one of the things which the Governor in Council by having a control over the rules and proceedings could, in fact, be required by the Code to assure.

On page 98 I am reported as undertaking to seek legal advice on the difference between "good behaviour" and "pleasure" in the context of appointments. I have a legal memorandum which reads as follows:

In principle, those who hold their appointments during the pleasure of Her Majesty are subject to dismissal at any time even without a cause being assigned. No action for wrongful dismissal can be entertained.

The grant of an office during good behaviour creates an office for life unless a term of years has been stipulated. The office can only be terminated for reasons of misbehaviour.

## ● 1620

Misbehaviour in this context means misbehaviour in matters concerning the office except in the case of conviction for an offence of a nature to render the person unfit to exercise the office.

Misbehaviour concerning the office means improper exercise of the functions of the office or non-attendance or neglect or refusal to perform the duties of the office.

In practice, the distinction may not be as sharp as indicated, but tenure of public servants in general is still deemed to be during pleasure, but this principle is attenuated by the existence of appeal and adjudication procedures.

Thus, the during pleasure principle in Canadian legislation may now be regarded as subject to the assignment of proper

*[Interpretation]*

teurs ou en leur nom. Le chef du contentieux du Conseil du Trésor me dit que l'article 26(7) de la Loi d'interprétation précise que:

le singulier comprend le pluriel et le pluriel comprend le singulier.

Il semble donc que la réponse à la question posée à la page 92 soit oui.

Page 94. Je me suis demandé si les décisions du Tribunal devraient être rendues publiques. On en parle dans les propositions d'amendement. A mon avis, le Code exige qu'on les publie et pourrait aussi exiger que le gouvernement en conseil s'en assure en contrôlant les règlements et la procédure.

Page 98. Il s'agit d'un mémoire qui précise la différence entre «la bonne conduite» et «le bon plaisir», quant aux nominations. En voici le texte:

En principe, ceux qui sont nommés pendant le bon plaisir de Sa Majesté peuvent être destitués n'importe quand, même sans raison. Aucune mesure ne peut être prise par la suite. Ils peuvent être nommés à vie, durant «bonne conduite», s'il n'y a pas d'autres précisions. Leur mandat prendra fin pour raison de mauvaise conduite.

Mauvaise conduite veut dire, ici, mauvaise conduite en ce qui a trait à leur mandat, sauf en cas de condamnation pour un délit susceptible de rendre la personne incapable de s'acquitter de ses fonctions. Mauvaise conduite en ce qui a trait au mandat signifie mauvaise exécution des fonctions, absence, négligence, ou refus de s'acquitter de ses fonctions.

En pratique, la distinction n'est peut-être pas aussi nette qu'il est indiqué, mais les fonctionnaires, en général, ont agi conformément aux procédures d'adjudication. Ainsi, ce principe du bon plaisir, dans la loi canadienne, est assujéti à l'attribution d'une juste cause. La différence entre occupation durant bon plaisir et bonne conduite ne doit donc pas être



[Texte]

cause. The difference between tenure during pleasure and during good behaviour, therefore, should no longer be regarded as absolute, but rather one of degree.

I hope that disposes of that issue.

**Mr. Gray:** If Mr. Danson were here he would probably say it was a pleasure to hear that report.

**The Chairman:** He is supposed to be here any minute.

**Mr. Gray:** I know he is on his way over here, but he is more adept at making this type of comment than I am. It was meant as a compliment to him.

**Mr. R. Y. Grey:** On page 99, Mr. Lambert is reported as requesting that the Bill be amended to provide that the rules of the Tribunal be tabled in the House by the responsible Minister. We have already dealt with this issue today.

**The Chairman:** Was it dealt with or discussed?

**Mr. R. Y. Grey:** I think I meant discussed, Mr. Chairman.

**Mr. Lambert (Edmonton West):** But that is not the same thing, Mr. Chairman. They may be approved by the Governor in Council, but then the question arises of the necessity to table them.

This is the same thing that I have asked for in all bills and will continue to ask for. I will move the necessary amendments, if need be, that any regulations made under any act will have to be tabled. Not only the initial ones, but amending ones as well, so that in due course these will appear for scrutiny by the House of Commons. I believe if Parliament has the right of delegation, it has the right of supervision of delegated power.

**Mr. Gray:** I would like to suggest to the officials that they take this under advisement. I do not see anything in what Mr. Lambert has said that is in contradiction with the concern of the officials about carrying out international obligations. This would help to make the rules more widely known to those who are concerned with the form and contents and I think the draftsmen could, subject to change if I find I have been wrongly informed on this, provide something to meet this point.

**Mr. R. Y. Grey:** Mr. Chairman, I had assumed that if it were proposed by the Com-

[Interprétation]

considérée comme absolue, mais plutôt comme relative.

**M. Gray:** Si M. Danson était ici, il dirait probablement que c'était un plaisir de vous entendre lire cela.

**Le président:** Il sera ici d'une minute à l'autre.

**M. Gray:** Il s'y prend beaucoup mieux que moi pour ce genre de commentaire.

**M. R. Y. Grey:** A la page 99, M. Lambert a demandé que le projet de loi soit modifiée pour prévoir que le Règlement du Tribunal soit déposé à la Chambre par le ministre responsable. Nous avons déjà répondu à cette question aujourd'hui.

**Le président:** Est-ce que nous l'avons discutée ou réglée?

**M. R. Y. Grey:** Je voulais dire que nous l'avons discutée, monsieur le président.

**M. Lambert (Edmonton-Ouest):** Monsieur le président, cela peut être approuvé par le gouverneur en conseil. Mais alors, la question se pose de savoir s'il est nécessaire de déposer ce document. C'est ce que j'ai demandé pour tous les projets de loi et je le demanderai à nouveau. Je proposerai les amendements nécessaires pour que tous les règlements découlant d'une loi, quelle qu'elle soit, soient déposés, aussi bien les règlements originaux que les règlements modifiés. Et cela en temps et lieu, de façon que la Chambre des communes puisse les examiner. A mon avis, le gouverneur a le droit de déléguer des pouvoirs, mais il a également le droit de surveiller ce qui est fait avec ces pouvoirs délégués.

**M. Gray:** J'ai un conseil à donner aux fonctionnaires. Il n'y a rien dans ce qu'a dit M. Lambert qui soit contraire au respect des obligations internationales dont on a parlé. Cela permettra de mieux diffuser ces règlements, de façon que l'on soit mieux informé de leur contenu. On pourra ensuite modifier les règlements si on les considère inappropriés.

**M. R. Y. Grey:** Monsieur le président, j'ai supposé que si le Comité proposait que les

[Text]

mittee that the rules of the Tribunal had to be approved by the Governor in Council, it would constitute a type of delegated legislation which could be raised before the House Committee on Delegated Legislation. For that reason, I had assumed that it, therefore, came before the House. However, I think what Mr. Gray said is quite correct.

Without dealing with the generalities of Mr. Lambert's observations, subject to advice from Mr. Thorson, I see no reason why in substance these rules could not be tabled in the way you have suggested, Mr. Lambert.

**Mr. Lambert (Edmonton West):** You maintain that by the Governor in Council having a power of revision is fulfilling our international obligations? I would maintain that the equivalent of that, of course, is that the Tribunal make its regulations and that these be tabled by the Minister in Parliament.

All right, I will, shall we say, defer, but I want this Order in Council to be tabled. An Order in Council is not necessarily tabled. Sometimes you have to go digging for it.

Where there is a statutory obligation the Minister does not have to stand up in the House and say that he is tabling the regulations. They will be noted in the *Votes and Proceedings* whereas if they are merely with the approval of the Governor in Council and an Order in Council has been passed, it is necessary to comb the *Canada Gazette*. That is what I would like to see avoided.

**Mr. R. Y. Grey:** Mr. Chairman, subject to the reserve that I would like legal advice on this, I think I am prepared to agree that that additional amendment ought to be made. I see no reason why, in substance, they should not be tabled at all. I would like to have legal advice on whether there is some implication of which I am not aware.

• 1625

A further point that came up was the question of keeping the name of the complainant confidential. There was evidence given on this matter on pages 103 and 301 in the printed evidence.

As we see it, there is nothing in the draft Bill which required either the Department of National Revenue or the Tribunal to publish the name of the complainant. I understand that it is the practice in the United States that the complainant can request that his name be kept confidential.

The rules of the Treasury and Tariff Commission on this are fairly complicated, but given that the Bill does not require it to be

[Interpretation]

règlements du Tribunal soient approuvés par le gouverneur en conseil, il y aurait une délégation de pouvoirs qui pourrait être étudiée par un comité de la Chambre. C'est pourquoi j'ai pensé que l'on pourrait soumettre cela à la Chambre. Mais, ce que M. Gray a dit est tout à fait exact.

Sans parler des observations générales faites par M. Lambert, et à condition que cela soit vérifié, je ne vois pas pourquoi ces règlements ne pourraient pas être déposés, comme vous le proposez, monsieur Lambert.

**M. Lambert (Edmonton-Ouest):** Monsieur Grey, le gouverneur en conseil a un pouvoir de révision. Vous considérez qu'il faut respecter nos obligations internationales. L'équivalent de cela, c'est que le Tribunal doit faire ses règlements et que ces règlements doivent être déposés par le ministre, au Parlement.

Je suis prêt à passer là-dessus, mais je veux que ce décret du conseil soit déposé. Un décret du conseil n'est pas nécessairement déposé. Parfois il faut aller le chercher. Le ministre ne doit pas venir à la Chambre pour déposer les règlements. Ils sont là et on doit en tenir compte. Ils doivent figurer aux comptes rendus. Le problème, si ces documents ne sont pas déposés, c'est qu'il faut aller éplucher la *Gazette* du Canada, et, je ne veux pas le faire.

**M. R. Y. Grey:** Compte tenu du fait que je veux demander l'avis des conseillers juridiques, je suis d'accord pour cet amendement supplémentaire. Je ne vois pas du tout pourquoi on ne pourrait pas déposer ces règlements. Cependant, je voudrais que les conseillers juridiques nous disent s'il n'y aura pas des répercussions dont je ne suis pas au courant.

Il y a un autre point qui a été soulevé: la question de tenir secret le nom des plaignants, à la page 103 et 301 du compte rendu.

D'après nous, il n'y a rien dans le projet de loi qui impose au Tribunal ou au Revenu national de publier le nom des plaignants.

Je crois savoir qu'aux États-Unis, le plaignant peut demander que son nom soit gardé secret. Les règlements du Trésor et de la Commission du tarif sont compliqués, mais étant donné que le projet de loi ne demande pas la publication, je pense que cette question devrait être laissée au sous-ministre et au



## [Texte]

published, I would think that this matter ought to be left for the Deputy Minister and for the Tribunal to deal with as a matter of detailed rule-making. I would assume that when they make their rules of proceedings they will give careful study to the rules of proceedings in the United Kingdom and in the United States.

At this stage I think it is sufficient to ensure that the draft Bill does not in any way require this to be made public.

On page 189 the view was expressed that the Tribunal should be required to notify the complainant of its orders or findings.

I think this almost goes without saying and amongst the rules that the Tribunal will obviously have to make if we are to fulfill our obligations are arrangements that their orders or findings be made public and that all interested parties be notified including the complainant.

On page 309...

**The Chairman:** Mr. Rod Grey, no doubt when you mention page numbers, you are always referring to the *Minutes of Proceedings and Evidence*?

**Mr. R. Y. Grey:** Yes, sir. Mr. Arthur undertook to deal with the question of fraud or misrepresentation in cases which are not covered by clause 18 (4) of the draft Bill, that is the discovery of fraud in respect of importations which are not covered by an existing order or finding of the Tribunal.

In this connection I would like to observe that the Anti-dumping Bill if passed in the terms suggested, will be an act respecting the customs. Among other reasons, one of the reasons for this is to import the general penal and punitive provisions of the Customs Act, particularly Sections 190, 203 and 178. Moreover, it is open to the Crown to deal with questions of fraud under the Criminal Code.

On page 366 I am reported as agreeing to report to the Committee concerning the provision in the United States law which, it has appeared to some representatives appearing before this Committee, enables them to assess dumping duties retroactively for 120 days prior to the date of the complaint.

At an earlier juncture I undertook to report to the Committee after the outcome of discussions with the United States' representatives about the impact of their rider, as it is called, to the Renegotiations Act of 1958, the terms of which, I believe, appear in the *Minutes of Proceedings and Evidence*.

## [Interprétation]

Tribunal qui prendra une décision en ce qui concerne les règlements.

Je pense qu'une fois que les règlements seront faits, ces fonctionnaires tiendront compte des règlements américains et britanniques. Pour l'instant, il faut simplement s'assurer que le projet de loi n'exige pas que ces noms soient rendus publics.

A la page 189, l'opinion suivante est exprimée:

Le Tribunal doit notifier le plaignant de ses ordonnances et conclusions.

Cela va sans dire. Et, parmi les règles que le Tribunal devra élaborer, s'il veut respecter ses obligations, il faudra que toutes les parties intéressées, y compris le plaignant, soient informées.

A la page 309...

**Le président:** Monsieur Grey, lorsque vous donnez les pages, il s'agit des pages de nos comptes rendus?

**M. R. Y. Grey:** Oui, bien sûr. A la page 309, M. Arthur a parlé des fraudes et supercheries qui échappent à l'article 18(4) du projet de loi, c'est-à-dire la constatation de fraudes en ce qui concerne les importations qui ne sont pas couvertes par des conclusions ou une ordonnance du Tribunal. A cet égard, je voudrais faire remarquer que la Loi antidumping est adoptée dans les termes prévus. Et, l'une des raisons à cela est de prévoir les dispositions punitives de la Loi sur les droits, en particulier, les articles 190, 203 et 178.

Et, à la page 366, j'ai promis de faire rapport au Comité au sujet des dispositions de la loi américaine qui, selon certains représentants venus témoigner devant le Comité, permettent d'imposer des droits antidumping jusqu'à 120 jours avant la plainte. Aux États-Unis, il y a des addenda à la Loi antidumping de 1958.

## [Text]

If I might deal with these two matters at this point, I believe the Regulation 53.56 as it appears in the *Federal Register* on page 8250 of the Rules and Regulations on Saturday, June 1, 1968, copies of which were made available to members of the Committee.

## • 1630

I think the difficulty that members of the Committee and, indeed, Canadian officials in discussions with United States officials, faced was that this proposed rule by the United States when read by itself is very misleading. It has to be seen in the context of a very complex system of rules and regulations, legislation and administrative practice. The key words, which in my view have been ignored by various representatives here before the Committee, is the reference to...

... provided the particular importation has not been appraised prior to the publication of such finding.

There this retroactive application applies only to unappraised goods. The question at issue is therefore whether there would be any unappraised goods at the time the Secretary of the Treasury issues his finding levying the anti-dumping duty. This would not fall within the terms of the Code.

Now, some years ago there used to be a substantial lag between the entry of goods into the United States and the liquidation of the entry. That lag in major ports such as the Port of New York was sometimes as long as two years. This follows from the fact that in the Canadian customs system when goods enter, entry is final unless either the importer or the Crown opens the matter again. In the United States it is the reverse system. Goods are entered, then they are appraised and then a legal action takes place which liquidates or appraises that entry. Positive action is required on behalf of the administration to terminate that stage of the customs procedure.

Obviously this would be a very important rule if it appeared that there were likely to be a substantial number of unappraised entries at the time of the finding by the Secretary of the Treasury.

I am advised by my colleagues in the Department of Trade and Commerce, who are the experts in this matter, that the normal lag between entry and appraisal in that state is now about 30 days; not two years as heretofore.

In the light of this rule for assessment as it is called, an importer becomes aware that certain importations he has made are the subject of an inquiry into dumping; he may

## [Interpretation]

Je voudrais aborder deux questions maintenant, le règlement 53.56, à la page 8250 du *Federal Register* du 1<sup>er</sup> juillet 1968, dont on a remis des exemplaires aux membres du Comité. Je pense que la difficulté des membres du Comité, et celles des représentants qui sont venus ici, et des fonctionnaires, lorsqu'ils ont discuté avec les fonctionnaires américains, venaient du fait que ce règlement proposé par les États-Unis, lorsqu'il est lu sans contexte, est trompeur. Il faut le lire dans le contexte. C'est un système très compliqué de règlements et de pratiques administratives. Le mot clé, à mon avis, qui a été ignoré par divers représentants qui sont venus ici, se rapporte au fait que l'importation n'a pas été évaluée avant la publication de telles conclusions. C'est pourquoi cette application rétroactive ne s'étend qu'aux marchandises non évaluées. La question qu'on peut se poser à ce sujet est celle-ci: y aurait-il des marchandises non évaluées, au moment où le secrétaire du Trésor publiera sa décision d'imposer un droit antidumping? Cette disposition ne correspondrait pas aux conditions du Code.

Il y a quelques années, il y avait un certain décalage entre l'arrivée de produits aux États-Unis et la fin des formalités. Ce retard, dans certains grands ports comme le port de New-York pouvait dépasser deux ans. Cela vient du fait qu'avec le système canadien de douanes, lorsque des marchandises entrent au pays, leur importation est définitive à moins que la Couronne ou l'importateur ne rouvre l'affaire. C'est le contraire aux États-Unis: Les marchandises y pénètrent et sont évaluées, et ensuite des mesures sont prises par l'administration pour refuser l'entrée ou évaluer les marchandises importées.

Ce serait un règlement très important s'il devait y avoir un important volume d'importations non évaluées au moment où le Ministère prendra conclusion. Le ministère de l'Industrie et du Commerce qui est spécialiste de ces questions, me dit qu'aux États-Unis le retard est maintenant de 30 jours et non de 2 ans comme avant.

À la lumière de ce règlement, un importateur se rend compte que certaines de ses importations sont sujettes à une enquête relativement au dumping. Il peut être mis au



## [Texte]

know about this from private inquiries that have been made of him by officials of the Customs Bureau or he may know of it only when the notice of anti-dumping proceeding is published in the federal register.

At that point it is open to him to seek the appraisal of all unappraised entries. If there were any of such longstanding as is covered by this presumably he will make every effort to have them appraised.

I have been advised by United States officials that providing there has been sufficient time for the normal administrative processes to take place it is really not feasible for the customs authorities to delay the appraisal of an entry where the proper information has been supplied.

It is my view that in the light of this administrative practice and the rules under which the United States customs service operate, if the importer is expeditious about seeing to it that all unappraised entries are in fact appraised, the entries are liquidated as soon as he is aware that there is an anti-dumping proceeding against him.

The only ones which he will not then have appraised are those which cannot be appraised because of some action against them by the customs authorities. Those are the ones which are provided for explicitly in the Code. Those are likely to be a very small and residual number.

I would like to go on to say, Mr. Chairman, the drafting group and the Ministers gave careful consideration to whether it was necessary for Canada to take advantage of this particular right to levy anti-dumping duties on that type of unappraised entry.

It will be appreciated from what I have said that we have a different system of customs entries where all entries are final unless they are reopened. It is very difficult to graft this sort of residual retroactivity onto our customs system.

## • 1635

We decided that the administrative burden of doing this—it is almost completely irrelevant in our customs system—made it simply not worth taking up this right. I did say earlier that we were using all our rights under the Code except one, and this is the one I had in mind.

I would like to draw the attention of the Committee to the fact that the provision for an additional 90 days retroactivity in the case of massive dumped injurious imports does not appear in United States legislation. This is a provision which is open to the United States, but they have not chosen to seek that addi-

## [Interprétation]

courant à la suite d'enquêtes de fonctionnaires du bureau des douanes où le savoir uniquement lorsqu'il est averti du début des procédures antidumping par le registraire.

A ce moment, il peut faire faire l'évaluation de toutes les entrées non évaluées. Si jamais il se produisait un tel retard il fera tous ses efforts pour qu'elles soient évaluées. Les fonctionnaires américains m'ont fait savoir que s'ils ont toutes les données nécessaires, ils ne peuvent retarder l'évaluation de plus de temps qu'il est nécessaire pour le processus administratif normal.

A la lumière de ces pratiques administratives et des règlements en vertu desquels les douanes américaines fonctionnent, si l'importateur fait évaluer rapidement toutes ses entrées non-évaluées, les formalités d'entrée sont liquidées aussitôt qu'il sait qu'une procédure antidumping a été entreprise contre lui. Les seules marchandises non encore évaluées seront celles qui ne peuvent pas l'être en raison de procédures entreprises par les autorités des douanes. Celles-là sont prévues explicitement dans le Code et il y en aura un nombre assez faible, peu important.

Monsieur le président, je voudrais ajouter que les rédacteurs du Livre blanc et les ministres ont sérieusement étudié la question à savoir si le Canada devrait profiter de la possibilité de toucher les droits antidumping sur les marchandises non-évaluées. Nous avons un système différent d'entrées: toutes les entrées sont définitives à moins que le dossier ne soit réouvert; et il est très difficile d'insérer ce genre de rétroactivité dans notre système douanier. Nous avons décidé que ce fardeau administratif est presque inutile dans notre système douanier, tel que cela n'en vaut et qu'il ne vaudrait pas la peine de profiter de cette possibilité. Nous profitons de tous nos droits prévus par le code, à l'exception d'un: c'est celui-ci.

Je voudrais attirer l'attention du Comité sur le fait que la période de rétroactivité de 90 jours dans les cas d'importations massives ne figure pas dans la Loi américaine. Les Américains n'ont pas voulu de ces pouvoirs supplémentaires. Voilà tout ce que j'avais à dire au sujet du problème des 120 jours. Je

[Text]

tional power through additional legislation. So that concludes what I have to say about the problem of the 120 days. I do say with respect to the witnesses that appeared before I think its import in the United States antidumping system has really been grossly exaggerated.

If I could now pass on to the question of the impact on...

**Mr. Lambert (Edmonton West):** I have one comment. You would agree that 90 days as far as Canada is concerned is an arbitrary figure taken after judgment?

**Mr. R. Y. Grey:** Yes sir.

**Mr. Lambert (Edmonton West):** To that extent, then, the 120 days recommendation by a number of industrial representatives could also be a judgment decision by them as to an arbitrary period?

**Mr. R. Y. Grey:** With respect, Mr. Lambert, what you say is correct, except that the right to levy the duty for that additional 120 days retroactively is very carefully circumscribed in the Code. I hope that it will be taken from what I have said that it is not seriously open to question that the United States is able to comply with that obligation.

**Mr. Gray:** Mr. Chairman may I make a supplementary comment? I wonder if I could ask the officials a question? If I am not mistaken the provisions of the Code with regard to retroactivity make a limit with respect to the ninety-day period.

**The Chairman:** What page, Mr. Gray?

**Mr. Gray:** Page 22.

**The Chairman:** Of the International Code?

**Mr. Gray:** Of the White Paper. I mention that because I understood Mr. Lambert to suggest that the Code does not impose any limit with respect to retroactivity, and that it was a matter of judgment. Perhaps I misunderstood that. I just wanted to express my view that the 90 days did not seem to come out of thin air.

**Mr. R. Y. Grey:** Mr. Chairman, I took it that Mr. Lambert was saying that the 90 days and the government's decision to make use of that particular provision in the Code was an exercise in judgment.

Mr. Lambert, I am sure, is aware that that provision in the Code was put in at the insistence of the Canadian negotiators because it seemed to deal with a purely Canadian situation. We are subject to massive injurious dumping and the United States is not.

[Interpretation]

dois dire que son importance dans le système antidumping américain a été énormément exagérée. Je voudrais passer maintenant à la question...

**M. Lambert (Edmonton-Ouest):** Vous acceptez que quatre-vingt-dix jours pour le Canada est un chiffre arbitraire, choisi après jugement.

**M. R. Y. Grey:** Oui, monsieur.

**M. Lambert (Edmonton-Ouest):** Donc, la période de 120 jours recommandée par un certain nombre de représentants industriels, pourrait-elle aussi avoir été choisie après jugement.

**M. R. Y. Grey:** En toute déférence, ce que vous dites est exact, à cette seule exception près que le droit additionnel rétroactif de 120 jours pour lever les droits est très bien délimité dans le Code. J'espère que l'on déduira de ce que j'ai dit qu'il ne peut pas être sérieusement question pour les États-Unis de se plier à cette obligation.

**M. Gray:** Une question aux fonctionnaires. Les dispositions du Code relativement à la rétroactivité prévoient une limite quant à la période de 90 jours.

**Le président:** A quelle page?

**M. Gray:** Il s'agit de la page 22.

**Le président:** Du Code international?

**M. Gray:** Non, du Livre blanc. J'en parle car M. Lambert avait l'air de vouloir dire que le Code ne propose aucune limite quant à la rétroactivité, que c'est une question de jugement. J'ai peut-être mal compris. Je voudrais simplement exprimer mon point de vue: cette période de 90 jours n'est pas tombée du ciel.

**M. R. Y. Grey:** Monsieur le président, je croyais que M. Lambert voulait dire que le gouvernement pouvait juger si la période de 90 jours lui convenait ou non. Je suis sûr qu'il sait que cette disposition a été introduite dans le Code par les représentants canadiens, parce qu'elle prévoit une situation purement canadienne. Nous souffrons de beaucoup de dumping préjudiciable, mais non les États-Unis. Par contre, leur situation juridique les force, à moins de modifier leur loi pour imposer...



[Texte]

On the other hand the United States does have a legal situation in which they are required, unless they change their law to levy dumping duty on unappraised entries, to fall within this definition. The question is: What are unappraised entries? Do they go beyond the terms of this provision? There is nothing in the United States practice to suggest that they will.

**Mr. Blair:** Mr. Chairman, I dislike interrupting Mr. Grey but I missed his reference to the specific paragraph of the federal register to which he referred.

**The Chairman:** Reference 53.56.

**Mr. Blair:** Number 53.56.

**Mr. R. Y. Grey:** It is on page 8250 of June 1st. It is headed Rule for Assessment.

**The Chairman:** Have you any other comments, Mr. Blair?

**Mr. R. Y. Grey:** Mr. Chairman if I could go on to deal with what I believe is a more substantive concern, as to the ability of the United States to meet its obligations? The text of the rider which has given cause for some concern was, I believe, reprinted in your Proceedings and Evidence.

• 1640

The particular aspects of this rider which I believe is a legitimate cause for concern, is the statement by the United States Tariff Commission—I am not quoting literally—that the Code should not limit its discretion. This has reference to what the Tariff Commission decides is an industry and what is original market. This is Article 4(a) of the Code. The rider does not make specific reference to it but it is clear to anybody dealing with this matter that this is what it is about.

It is a difficult question in law to determine from some of the previous decisions of the Tariff Commission in which they have found injury to have occurred to an industry in the United States, industry being defined as the industry in a particular market area, whether those would be consistent with the Code.

The question therefore arises when the United States Tariff Commission is faced with an application in which it is alleged that injury has occurred to an industry, let us say, in the State of California, they may exercise their discretion in such a way as to define industry in a regional sense consistent with the Code. However, they may not.

[Interprétation]

ser des droits antidumping sur les marchandises non-évaluées, à se conformer à cette définition. Que sont des marchandises non-évaluées? Dépassement-elles les termes de cette disposition? Et il n'y a rien dans la pratique américaine qui donne cette impression.

**M. Blair:** Je n'ai pas compris exactement à quel paragraphe du registre fédéral M. Gray faisait allusion.

**Le président:** Au paragraphe 53.56.

**M. Blair:** 53.56.

**M. R. Y. Grey:** C'est à la page 8250, en date du 1<sup>er</sup> juin, sous la rubrique: «Règles d'évaluation».

**Le président:** Avez-vous d'autres commentaires, monsieur Blair?

**M. R. Y. Grey:** Monsieur le président, je voudrais attaquer une préoccupation plus sérieuse: les États-Unis peuvent-ils respecter leurs engagements? Le texte de l'addition qui a soulevé certains problèmes a été reproduit dans les Procès-verbaux et témoignages.

Voici l'aspect «inquiétant» de cette addition: la «United States Tariff Commission» déclare que son autorité ne devrait pas être limitée par le code. Il s'agit de la définition de la «Commission» pour le mot «production» et pour marché original. C'est le paragraphe 4 a) du code. Le rédacteur ne le cite pas exactement, mais la référence est claire.

Il est difficile de savoir si la définition de la «Commission» pour «production» d'après ses anciennes décisions où elle a constaté qu'il y avait préjudice pour l'industrie américaine dans un marché particulier, correspond au code. La question se pose dans les occasions comme la suivante: lorsque la «Commission» reçoit une demande d'enquête au sujet de prétendus préjudices causés à la production, disons en Californie, elle pourrait définir «production» sur le plan régional, conformément au Code. Mais elle ne peut pas.

[Text]

I think it is fact—I make this statement after some consideration—that some uncertainty has been created as to whether or not the United States Tariff Commission, which is an independent body of the executive, in a sense, will act in such a way on this point as to be consistent with the Code.

There is nothing in the rider which requires the Tariff Commission to act in such a way as to be inconsistent with the Code. It merely enjoins them that discretion is not limited.

They can therefore exercise their discretion to be within the Code or not be within the Code, depending on the facts of what by definition is likely to be a very complex case.

This uncertainty is compounded by the fact that the United States Tariff Commission is not bound by precedent. Therefore the first case may be within the Code but the next case may not be. So there is a permanent uncertainty, and it is the view of the Canadian authorities who have dealt with this internationally that this is a very unsatisfactory situation.

For this purpose we requested a meeting of the Committee on Anti-dumping, which it was proposed be established in the Code. It has had a meeting in Geneva and the United States delegate made a statement which I would now like to read.

We believe there is nothing in the Renegotiation Amendments Act of 1968, signed by the President, which impairs our ability to continue to adhere to the Code. In administering the U.S. Anti-Dumping Act, the two domestic agencies concerned—the Department of the Treasury and the Tariff Commission—are required by this legislation to take the Code into account, although the amendment also makes clear that the law shall take precedence if it were in conflict with the Code.

I may interject parenthetically that is of course the case in Canada, too. If the proposed legislation is in conflict with the Code the Code has no standing in law.

The Executive Branch continues to hold the view that the Code is consistent with the present U.S. law. Determinations by the Treasury Department and the Tariff Commission will be made on the basis of the facts and circumstances of concrete cases. When the Committee on Anti-Dumping practices meets to review—

That is the national committee.

—the operation of the Code, it will be in a position to review actions taken by the

[Interpretation]

Et c'est vrai. Je fais cette déclaration après une certaine étude de la question. On s'est inquiété de savoir si la «United States Tariff «Commission» à ne pas respecter le Code. On voit exécutif, pourra respecter le Code international. Rien, dans ce paragraphe n'oblige la «Commission» à ne pas respecter le Code. On lui laisse simplement une grande liberté d'action. Elle-même décide d'agir conformément au Code ou non dans les situations qui peuvent être très complexes.

Cette incertitude est encore compliquée par le fait que la «Commission» n'est pas limitée par la tradition. Il y a donc une incertitude permanente. Et les autorités canadiennes qui ont négocié considèrent que cette situation est très peu satisfaisante pour notre pays. C'est pourquoi nous avons demandé une réunion du comité des pratiques antidumping. Ce comité était prévu par le Code. Il s'est réuni à Genève et le délégué américain a fait une déclaration que je voudrais vous lire maintenant.

«Nous sommes convaincus qu'il n'y a rien dans la Loi de renégociation de 1968, signée par le président des États-Unis, qui nous empêche d'adhérer au Code. En administrant la Loi antidumping américaine, les deux organismes américains concernés, le «Department of the Treasury» et la «Tariff Commission» doivent, dans l'application de la Loi, tenir compte du code bien que l'amendement précise que la Loi a la préséance si elle entre en conflit avec le code.»

Et je pourrais dire que c'est également le cas au Canada. Si la Loi était en conflit avec le code, c'est elle qui a préséance.

Nous sommes d'avis que le Code est conforme à la Loi américaine. Toute décision sera prise par la «Tariff Commission» et le «Treasury Department» en considération de faits concrets. Lorsque le Comité des pratiques antidumping (national) étudiera le fonctionnement du code, il pourra revoir les mesures des États-Unis et d'autres pays en matière d'antidumping».



[Texte]

United States as well as other countries in anti-dumping cases.

That is the end of the statement by the United States representative. It was further agreed in this first meeting of the Committee on Anti-Dumping Practices that if any participant or any signatory of the Code is alleged not to have been carrying out its obligations, that matter, because it will be of general import, will be dealt with multilaterally by the Anti-Dumping Committee. It can meet at the call of the Chairman.

Obviously it would be unfortunate if country "X", a major trading country, were not to carry out its obligations and this were settled as a matter of negotiation bilaterally because this is a matter of general import to the whole trading community. Therefore it has been agreed by all the major trading countries which are signatories of the Code that we should deal with this multilaterally. That, of course, applies to Canadian action as well as the action of any other country.

• 1645

Now, Mr. Chairman, the problem of policy that your Committee has to consider, and that subsequently the government has to consider, is how Canada acts in relation to this precise obligation of the Code about which some uncertainty is created as far as United States compliance is concerned. The relevance is to Article 4(a) of the Code and it will be recalled that in the proposed Bill it is intended that the Tribunal in making its decisions take fully into account this particular provision.

If the Tribunal did not take these into account we would be in default of our obligation. I do not believe—I recommend this view to the Committee—that the possibility that the United States may not adhere to the Code is grounds for Canada not adhering to the Code; not meeting its obligations. It may well turn out that all the United States Tariff Commission decisions are fully in accord with the Code. That is entirely within the bounds of possibility. It does not seem to me that the uncertainty which certainly does exist is grounds for Canada not meeting its obligations.

Further, Mr. Chairman, this provision in the Code is very important to Canada in terms of our export interest. Our exports to the United States go to regions of the United States, not to the whole of the United States. Therefore, rather rigid criteria defining a regional industry are quite important in protecting us from undue harassment by United

[Interprétation]

C'est la fin de la déclaration du représentant américain.

A la première réunion du Comité des pratiques antidumping, il fut convenu que, si un participant, ou un signataire des Accords Internationaux est accusé de ne pas avoir rempli ses obligations, cette question étant importante, elle sera réglée multilatéralement par le Comité des pratiques antidumping. Celui-ci peut se réunir sur convocation du président.

Il serait inconvenant qu'un pays «X», (un pays commercial important) ne remplissant pas ses obligations, l'affaire soit réglée par des négociations bilatérales, car elle est importante pour toute la communauté commerciale. C'est pourquoi les principaux pays commerçants signataires du Code ont décidé qu'une telle affaire serait réglée sur un plan multilatéral, et cette résolution s'applique aussi bien au Canada qu'aux autres pays.

Monsieur le président, le problème de politique que doit étudier votre Comité et que le gouvernement devra ensuite considérer est le suivant: comment le Canada agit-il pour tenir compte du Code, à propos duquel certaines incertitudes existent dans l'application de la loi américaine. C'est à propos de l'article 4(a) du Code. Vous vous souviendrez que dans le projet de loi, il est proposé que le Tribunal, en prenant ses décisions, tienne entièrement compte de cette disposition particulière.

Si le tribunal ne tenait pas compte de cela, nous ne respecterions pas nos obligations. Je ne crois pas, et je dirais au comité que je ne pense pas que ce n'est pas parce que les États-Unis ne respecteront pas le code que le Canada devra ne pas adhérer au Code et en respecter les obligations.

Il se peut fort bien que les décisions de la commission américaine soient conformes au code, c'est-à-dire que cela est parfaitement possible. Il ne semble pas que l'incertitude qui existe constitue un motif pour que le Canada ne remplisse pas ses obligations.

De plus, monsieur le président, cette disposition du code est très importante pour le Canada en ce qui concerne nos exportations. Nos exportations aux États-Unis ne vont pas dans l'ensemble des États-Unis mais seulement dans certaines régions. Donc, des critères de définition des industries régionales très rigides sont importants pour nous et cela est

**[Text]**

States producers seeking to invoke the anti-dumping provision.

Unless we are prepared to apply this provision rigorously we weaken our ability to continue to press this position on the United States. I think clearly—I am speaking on instructions on this point—the balance of advantage for Canada lies in quite explicitly meeting this obligation and being ready to press the United States vigorously in a multinational forum should there be any question that the United States Tariff Commission is not fulfilling the obligations of the United States. That is all I wish to observe on this point, Mr. Chairman.

**Mr. Lambert (Edmonton West):** Having raised this point, initially I think I am quite satisfied with the general conclusions put forth by Mr. Grey. I think that we would look rather silly if we cried wolf beforehand, as long as we are satisfied that we have a forum in which in the event there should be transgression by the United States Tariff Commission we can blow the whistle.

**Mr. Gray:** Mr. Chairman, I think Mr. Lambert has summarized the government's position as put forward by Mr. R. Y. Grey, perhaps in a somewhat more colourful way but in a way that is equally pointed.

**The Chairman:** Will you continue Mr. Grey?

**Mr. R. Y. Grey:** Mr. Chairman there are a few other points which have arisen and which one official or another undertook to comment on.

The Federation of Agriculture in their evidence dealt at some length with the consequential amendment relating to what we call the emergency power provision; the ability to impose a tax on imports when serious injury was caused or threatened. They raised the question of the difficulty of an emergency order not going beyond a six-month period.

I think it is a matter of judgment as to whether or not it is desirable to limit the application of what might well be a prohibitive tax which is imposed by the Governor in Council to some time period. That was the view which the draftsmen incorporated into the proposed Bill.

**[Interpretation]**

important pour nous protéger des producteurs américains qui veulent invoquer les dispositions antidumping.

A moins que nous n'appliquions ces dispositions de façon rigoureuse, nous affaiblirons nos possibilités lorsque nous voudrions insister pour que les Américains les respectent. Il est clair et le Canada doit absolument répondre à ses obligations et doit être prêt à insister, insister énergiquement même, auprès des États-Unis si les États-Unis ne respectent pas leurs obligations. C'est tout ce que j'ai à dire, monsieur le président.

**M. Lambert (Edmonton-Ouest):** Je suis parfaitement satisfait des conclusions générales avancées par M. Grey. Je pense que nous aurions l'air stupide si nous criions au loup avant qu'il ne se passe quoi que ce soit. Si nous avons un forum où nous pourrions, s'il y avait transgression de la part de la commission américaine, sonner l'alarme.

**M. Gray:** Ce qu'a dit M. Rock Grey de façon plus colorée, plus vivante, correspond à ce qui a déjà été dit.

**Le président:** Vous désirez poursuivre, M. Grey?

**M. R. Y. Grey:** Monsieur le président, il y a d'autres points qui ont été soulevés et sur lesquels des fonctionnaires ont fait des commentaires.

La Fédération de l'agriculture, dans son témoignage, a parlé assez longuement des amendements importants au sujet des dispositions des pouvoirs exceptionnels, possibilité d'imposer des taxes ou des droits lorsque certaines industries sont sérieusement menacées ou certains secteurs de l'industrie sont sérieusement menacés. Ils ont soulevé la question de délai en cas d'urgence. Faut-il limiter l'application d'une taxe prohibitive que le gouverneur en conseil risque d'imposer? C'est l'opinion qu'on a incorporée dans le projet de loi.

L'autre point soulevé par la Fédération de l'agriculture concerne les limites imposées au gouverneur en conseil par le mot «grave». Je voudrais insister, auprès du comité, sur le

The other point raised by the Federation of Agriculture was the limitation placed on the Governor in Council by the use of the word "serious". I would like to emphasize to the



## [Texte]

Committee that we have no right internationally to use such a measure unless we are satisfied that there is serious injury or threat of serious injury. This wording is taken more or less directly from Article XIX of the GATT.

It is not open to Canada without breaking our international obligations to use such an emergency measure unless we are satisfied that the degree of injury caused or threatened is serious.

In this connection I would like to observe that while dumping duties can be used when the injury is material, the emergency power is able to set aside obligations and take a measure which cuts right across the assumed right of other countries to export over a given tariff. That can only be used when there is serious injury. This wording is taken out of the GATT and, of course, it has been there since 1947. Those are the rules under which we have been operating for 21 years.

**Mr. Lambert (Edmonton West):** I was wondering in this question of "serious", is it serious injury to the Canadian industry as a whole, or is it serious injury to regional producers, or is it even serious injury to something less than regional producers, for instance a group small in number. After all the fellow who is being ruined is not going to thank us very much if we have not given him adequate protection. We know that we can have incidental dumping which an industry, shall we say, could stand.

In so far as the individual firm in a particularly sensitive type of production, say of seasonal goods or seasonal commodities is concerned, if their losses are something that will be suffered within a period of a few weeks or a few months surely we have to give them consideration, too? That is why I feel we must consider serious injury to whom. Is it the industry as a whole?

**Mr. R. Y. Grey:** Mr. Chairman, with respect to this question of whether under Article XIX there must be injury to all the producers of the competitive goods in the domestic market or most of them or whether one can invoke this Article, this emergency power if one producer is threatened, there are no international rules about these things. These have tended, because it is the emergency power, the escape clause in the GATT, to be settled in bilateral negotiation.

Canada has invoked this power a number of times in discussion with the trading partner concerned. That sort of question is raised, as to whether the degree of injury is such

## [Interprétation]

fait que nous n'avons pas le droit, sur le plan international, de faire appel à une telle mesure, à moins que nous soyons sûrs qu'il y ait un préjudice grave ou une menace de préjudice grave. Ce libellé vient de l'article XIX du GATT. Ce n'est pas permis au Canada, sans violer ses obligations internationales, de faire appel à une telle mesure d'urgence, à moins d'être certain que le danger de préjudice est grave.

A cet égard, je voudrais dire que, même si les droits de dumping peuvent être imposés lorsque le préjudice est matériel on se sert des pouvoirs d'urgence pour mettre de côté les obligations et prendre des mesures qui bloquent complètement les droits d'autres pays à exporter dans certaines conditions. Cette disposition existe depuis 1947 dans le GATT, et nous appliquons ce règlement depuis 21 ans.

**M. Lambert (Edmonton-Ouest):** S'agit-il d'un préjudice grave à l'industrie canadienne dans son ensemble, ou s'agit-il d'un préjudice grave uniquement aux producteurs régionaux, ou encore d'un préjudice grave à des producteurs qui n'ont même pas une envergure régionale, par exemple, un groupe numériquement petit? Celui qui va se trouver ruiné ne nous remerciera sûrement pas, si nous ne l'avons pas suffisamment protégé. Nous savons qu'on peut avoir du dumping accidentel qui, au point de vue industriel peut être assumé.

En ce qui concerne le producteur individuel qui s'occupe d'articles saisonniers, si ses pertes sont subies dans une période de quelques semaines ou de quelques mois, nous devons sûrement en tenir compte. C'est pourquoi, j'ai l'impression que nous devons nous demander si c'est l'ensemble de l'industrie qui va subir les préjudices.

**M. R. Y. Grey:** Monsieur le président, cette question de savoir si l'article XIX s'applique à tous les producteurs de biens compétitifs sur le marché national, ou à un groupe d'entre eux, et cette question de savoir si l'on peut évoquer alors les pouvoirs d'urgence, ne sont soumises à aucune règle internationale. Ces questions sont réglées par voie de négociations bilatérales.

Le Canada a évoqué ces pouvoirs bon nombre de fois dans les négociations avec le partenaire commercial en cause. Ce genre de question est soulevé à savoir quel est le

[Text]

as to warrant the use of this extraordinary emergency power. These questions are examined.

It would be my view that an attempt to codify the use of the emergency power would be resisted by all governments for the very sort of reasons you have outlined, sir. It is impossible to see the situation.

The anti-dumping provision, Article VI of the GATT, does not provide for any compensatory action, any right of withdrawal by the exporting country. It is much more circumscribed. Article XIX, on the other hand, provides really the right to the importing country to take emergency action limited only by the willingness of the exporting country to accept it or to take retaliatory action.

**Mr. Roberis:** Perhaps I can get at the problem Mr. Lambert has raised in a different way. What concerned the Federation of Agriculture in their brief was that this new clause really replaced the concept of prejudicial effect with the concept of serious injury. At least this was their claim, that under section 40A (7) (c) it was upon determination by the Minister:

...that goods...are being imported into Canada under such conditions as prejudicially or injuriously to affect the interests of Canadian producers...

And that the new provision would be of serious injury. Perhaps you could give some indication of how serious injury would operate as distinct from the previous conception of prejudicial effect?

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**Mr. R. Y. Grey:** Mr. Chairman, in reply to Mr. Roberts I would like to observe that since 1947 we have been governed by Article XIX of the GATT and whatever is said in domestic law we would have been in default of our international obligations if we had not been satisfied that it was serious injury. It is Article XIX of the GATT which may or may not be considered to have limited the use of this emergency power which is here being replaced.

As a practical matter Article XIX of the GATT has been the standard by which we have had to justify our action internationally. For a country in Canada's position that has been the meaningful guide to our action even though the terms of the domestic law may be held—I take it that is the view of the Federation of Agriculture—to have allowed us to go beyond the terms of Article XIX. Article XIX is there, we are signatories of the GATT, and

[Interpretation]

degré de préjudice qui justifie les pouvoirs d'urgence. J'ai l'impression que, si l'on tente de codifier l'utilisation des pouvoirs d'urgence, tous les gouvernements s'y opposeront, précisément pour la raison que vous avez exposée. Il est impossible de voir tous les aspects de la situation.

L'article VI du GATT ne prévoit pas d'indemnisation de la part du pays exportateur. C'est beaucoup plus circonscrit que cela. L'article XIX, par contre, prévoit le droit du pays importateur d'adopter des mesures d'urgence limitées, seulement si le pays exportateur accepte ou prend des mesures de représailles.

**M. Roberts:** Je pourrais peut-être voir, d'un aspect différent, le problème qu'a soulevé M. Lambert. Ce qui préoccupait la Fédération de l'agriculture dans son mémoire, c'est que ce nouvel article remplace le concept des effets nuisibles par le concept du préjudice grave. C'est ce qu'on prétendait du moins. Il s'agit de l'article 40A(7)(c) où on disait:

...que des effets...sont importés au Canada dans des conditions de nature à porter préjudice ou atteinte aux intérêts des producteurs ou fabricants canadiens...

La nouvelle disposition parle plutôt de préjudice grave. Pourriez-vous nous dire quelle différence il peut y avoir entre les deux expressions? L'ancienne expression était «de nature à porter préjudice» et la nouvelle est «préjudice grave».

**M. R. Y. Grey:** J'aimerais vous dire que depuis 1947, nous sommes régis par l'article XIX du GATT. Nous devons nous assurer qu'il s'agissait de préjudices graves sinon, nous aurions violé nos obligations internationales. C'est peut-être l'article XIX du GATT qui a limité l'emploi de ce pouvoir d'urgence.

Dans la pratique, l'article XIX du GATT a été la norme en vertu de laquelle nous avons dû justifier nos mesures à l'échelon international. C'était la norme dont nous nous servions, même si parfois on dépassait les termes de l'article XIX. Je crois que c'est justement le point que soulevait la Fédération de l'agriculture. D'autres pays évidemment sont liés par les dispositions de l'article XIX.



[Texte]

we hold other countries to Article XIX and its terms.

**Mr. Roberts:** Could you give some indication then of how this has operated since 1947? What kind of things have been considered to constitute serious injury, and what things have been considered not to constitute serious injury?

**Mr. R. Y. Grey:** Mr. Roberts, earlier on in my testimony I did in fact list a number of such cases and I indicated those actions which were at present in effect. I would not like to be drawn into public discussion of how serious "serious injury" is because it is a matter to be examined on the merits of each particular case.

**Mr. Roberts:** Are there no general guidelines, especially in relation to agricultural products?

**Mr. R. Y. Grey:** No sir, and it would be very unwise to try to work out some general guidelines because it is impossible to foresee all the particular difficulties, to codify them all and write them down.

**Mr. Roberts:** If we cannot have any guidelines who is going to really establish what content this blank cheque phrase has in relation to specific cases?

**Mr. R. Y. Grey:** As a practical matter, Mr. Roberts, this is something that is an exercise of judgment by the Ministers concerned, whoever they may be, taking fully into account our ability and their ability to persuade the government of the exporting countries that the action taken is warranted in the particular case. I have been responsible for negotiating some of these arrangements and I really would be very reluctant to try to write down—I think it would be foolhardy—any set of rules.

This is the escape clause and the emergency power and I do not wish to define what an emergency is or how serious "serious injury" is. One cannot foresee the complexities of particular trade situations.

**Mr. Roberts:** In the last analysis what is to be considered serious injury depends upon our ability to persuade the officials or representatives of other countries as to what is reasonable?

**Mr. R. Y. Grey:** No sir. I think there have been situations in which we perhaps could have persuaded other countries that it was serious, and some other countries we decided it was not serious. These are matters which

[Interprétation]

**M. Roberts:** Pouvez-vous nous dire quels ont été les résultats depuis 1947? Qu'est-ce qui a constitué un préjudice grave?

**M. R. Y. Grey:** Plus tôt, au cours de mon témoignage, j'ai énuméré un certain nombre de ces cas et j'ai indiqué les mesures qui sont adoptées à l'heure actuelle. Je ne voudrais pas vous expliquer publiquement ce qui constitue un préjudice grave, car il faut examiner chaque cas en particulier.

**M. Roberts:** N'y a-t-il pas de normes générales spécialement en ce qui concerne les produits agricoles?

**M. R. Y. Grey:** Je crois qu'il ne serait pas sage d'essayer d'arrêter des normes générales, car il est impossible de prévoir que des difficultés particulières peuvent se présenter et être codifiées à l'avance.

**M. Roberts:** Si nous n'avons pas de norme, qui va effectivement déterminer en quoi consiste cette espèce de chèque en blanc?

**M. R. Y. Grey:** C'est une question de pratique, monsieur Roberts. C'est un exercice de jugement de la part du ministre en cause. Il faut tenir compte de notre attitude à persuader le gouvernement du pays exportateur que les mesures adoptées sont justifiées dans un cas particulier. J'ai moi-même négocié certains de ces arrangements et je répugnerais à arrêter un ensemble de règlements. Je ne veux pas définir ce qui constitue un préjudice grave et ce qui justifie des mesures d'urgence. On ne peut pas prévoir la complexité des situations commerciales.

**M. Roberts:** En dernière analyse, ce qui constitue un préjudice grave dépend de notre aptitude à convaincre le pays exportateur.

**M. R. Y. Grey:** Non monsieur. Je crois qu'il y a eu des situations où nous aurions pu persuader d'autres pays que c'était grave, et d'autres pays que ce n'était pas grave. Ce sont des questions qui, par leur nature même,

[Text]

by their very nature are considered at the highest level in any government.

**Mr. Gillespie:** Mr. Chairman, I think my question will come up again a little later on.

**Mr. Gray:** I just want to suggest looking not so much at the word "serious" but at the following words, "injury to Canadian producers of like or directly competitive products" and so on.

These words would give some flexibility of interpretation to the officials who are dealing with an application for imposing the surtax, or a situation in which a request was made to impose a surtax. I think this was the matter that originally concerned Mr. Lambert or was it Mr. Hales?

**Mr. Hales:** I think I brought it up when the Federation were here.

**Mr. Gray:** Yes. It would seem to me that the wording used provides some flexibility to look at areas and so on.

**Mr. A. R. Hind (Assistant Deputy Minister, Department of National Revenue (Customs and Excise)):** Mr. Chairman, on the few occasions when this power has been used in the past we have in certain circumstances—when I say "we" it is not the Department of National Revenue alone, this is done as a result of interdepartmental discussions—restricted the fixed values to certain prescribed areas. In other words the protection was required in certain areas and it was not required in other areas.

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**Mr. Hales:** This clause dealing with surtax is all-important in the field of agriculture and I think the surtax feature is sufficient but it is the delay, the time lag, in applying the surtax that does the damage. We are dealing with perishable crops in many cases and short season crops, and this time limit is all-important. Could we not draft something into the proposed legislation? Even if we had the word "forthwith" in here as we tell the Deputy Minister he must "forthwith" do this or that. I do not know whether we can legislate for the Governor in Council to act "forthwith" or not, but this is the problem.

**Mr. R. Y. Grey:** Mr. Chairman, with respect, I think the word "forthwith" would be meaningless in what is a permissive clause. It says the Governor in Council "may", not "shall".

**Mr. Hales:** Is there any other way that we can get at this time factor because it is all-

[Interpretation]

sont étudiées attentivement par tout gouvernement.

**M. Gillespie:** Je crois que ma question reviendra un peu plus tard, au cours de la discussion.

**M. Gray:** Je propose de ne pas s'attacher tellement au mot «grave», mais plutôt à ces mots: «préjudice à des producteurs canadiens de produits semblables ou directement concurrentiels». Ces mots donneraient beaucoup de marge d'interprétation aux fonctionnaires qui s'occupent d'appliquer la surtaxe, ou lorsqu'on présente une demande d'application de surtaxe. Je crois que c'est le problème qui intéressait particulièrement M. Lambert ou M. Hales. N'est-ce pas?

**M. Hales:** J'en ai parlé lorsque la Fédération est venue.

**M. Gray:** Il me semble que le libellé utilisé prévoit une certaine souplesse.

**M. A. R. Hind (Sous-ministre adjoint, ministère du Revenu national (Douanes et Accise)):** Monsieur le président, à quelques occasions, lorsque ce pouvoir a été utilisé dans le passé, nous avons, dans certaines circonstances, (lorsque je dis nous, je ne parle pas du ministère du Revenu national seulement; cela résulte de discussions interministérielles), nous avons parfois restreint la valeur fixe à certains secteurs déterminés. Autrement dit, la protection était requise dans certains domaines et non pas dans d'autres.

**M. Hales:** Cet article sur la surtaxe est très important dans le domaine de l'agriculture. Ce qui fait défaut, c'est le délai pour appliquer la surtaxe. Il s'agit de biens saisonniers et périssables dans bien des cas, et cette limite de temps est très importante. Ne pourrions-nous pas incorporer un article au projet de loi, même si nous disons «immédiatement» et même si le sous-ministre doit agir «immédiatement»?

Voilà le problème qui se pose: nous pourrions peut-être dire que le gouverneur en conseil doit agir «immédiatement».

**M. R. Y. Grey:** Sauf erreur, monsieur le président, je crois que le mot «immédiatement» n'ajouterait rien de plus dans une clause facultative. On dit que le gouverneur en Conseil «peut» et non «doit».

**M. Hales:** Y a-t-il une autre façon alors de régler ce problème du facteur temps, qui est



[Texte]

important? In the past we have had the machinery but it was not applied in time and the damage was done. Serious damage has been done. You only have to speak of the cherry growers and the peach growers and the importation of carrots and lettuces from Mexico which is not as I understand it a partner to the GATT. Mexico is not a signatory to this either, I believe.

**Mr. Gray:** That does not exempt them from the application of these clauses.

**Mr. R. Y. Grey:** No, Mr. Chairman, but it does mean that we are not bound by the provisions of the GATT with respect to Mexico unless it were deemed that they were imported into our legal relations with Mexico by virtue of a note giving them Most Favoured Nation...

**Mr. Gray:** The point which was raised by someone else previously who was not a member of the Committee but who attended one of our sessions I think should be clarified again. The point seemed to imply that if a country was not a member of the GATT then we would not apply the provisions with respect to the surtax or for that matter with respect to the anti-dumping duty to these countries. Of course, this is not correct.

If these measures are adopted they are measures of domestic law and they are applicable to the importations from any country, whether the country in question is a member of the GATT or not.

**Mr. R. Y. Grey:** That is correct, Mr. Chairman. I think the difference between a country that is signatory to the Code and a country that is not signatory to the Code is that if action is taken under Canadian law against imports from a country not signatory to the Code they cannot turn up in the Committee in Geneva and complain if they think we are not consistent with the Code. That right is limited to signatories to the Code.

**Mr. Gray:** They are not in a better position; in a way they are in a worse position.

**Mr. R. Y. Grey:** They cannot harass me in Geneva.

**Mr. Hales:** In other words we can sock it to them.

**Mr. Howard (Okanagan Boundary):** Mr. Chairman one of the problems here is not really a mechanical problem. The making of a decision in this category involves too many people. It involves perhaps half a dozen or so

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de la plus haute importance? Dans le passé, nous avions les rouages, mais on n'y avait pas recours assez tôt, et les préjudices étaient déjà un fait accompli. Vous n'avez qu'à parler des cultivateurs de cerises et de pêches, de l'importation de carottes et de laitues du Mexique qui, je crois comprendre, n'est pas associé au GATT. Et le Mexique, je crois, n'est pas signataire de cette entente.

**M. Gray:** Cela ne l'exempte pas de la mise en application de ces articles.

**M. R. Y. Grey:** Non, monsieur le président, cela signifie que nous ne sommes pas liés par les dispositions du GATT par rapport au Mexique à moins qu'on estime qu'elles ont été introduites dans nos relations juridiques avec le Mexique en vertu d'une note leur donnant la clause de la nation la plus favorisée...

**M. Gray:** Le point qu'il convient d'expliquer de nouveau, qui a été soulevé par quelqu'un d'autre auparavant qui n'est pas membre du Comité, mais qui a assisté à l'une de nos sessions, ce point semble laisser entendre que si un pays n'est pas membre du GATT, nous n'appliquerions pas les dispositions de la surtaxe ou tout autre mesure relevant des droits antidumping envers ce pays. Naturellement, ce n'est pas juste. Si ces mesures sont adoptées, ce sont des mesures de droit intérieur, et elles peuvent s'appliquer à l'importation de n'importe quel pays, que le pays en cause soit membre du GATT ou non.

**M. R. Y. Grey:** C'est exact, monsieur le président, je crois que la différence entre les pays qui sont signataires du Code et un pays qui ne l'est pas, c'est que si des mesures sont prises, aux termes des lois canadiennes, contre les importations d'un pays non signataire du Code, ce pays ne peut pas se plaindre au Comité de Genève et dire que nous ne nous en tenons pas au Code. Ce droit est restreint aux signataires du Code.

**M. Gray:** Autrement dit, ils sont dans une position pire et non pas dans une position plus favorable.

**M. R. Y. Grey:** Ils ne peuvent m'inquiéter à Genève.

**M. Hales:** En d'autres termes, nous n'avons pas à nous inquiéter d'eux.

**M. Howard (Okanagan-Boundary):** Monsieur le président, le problème n'est pas vraiment un problème technique. Il faut beaucoup de personnes pour prendre une décision dans cette catégorie, peut-être une demi-dou-

## [Text]

people who have to be brought together several times in order to make a decision.

It seems to me if we are going to get the kind of speed that Mr. Hales is talking about, and which is absolutely necessary, this process has to be simplified in some way so that one person has the power to do all the necessary interdepartmental reviewing required. Perhaps we need somebody who is seconded to perhaps four or five departments for this particular category. Somebody who has the power to draw the right people together, or perhaps to make the preliminary recommendation which is then reviewed by the departments.

We have to find some way around this mechanical problem of getting all of the people involved together for many meetings, then making a representation to a foreign government, then waiting to see what their reaction is, and then waiting to put the thing into effect. By the time all of this is done the peak of the damage has passed very often and any action that is taken is hopeless. Is there some way you can solve this by a change in your handling process?

**Mr. R. Y. Grey:** Mr. Chairman, I do not recognize in that description of the government process for dealing with this anything approaching reality at all.

Perhaps a more important observation is that the limitation on precipitous action by the government of Canada is the fact that some other country either will act in a similar precipitous way against our exports, and we live by exports, or they will retaliate as they have a right to do under the GATT. That is the brake on our action and any country that is dependent on exports, as Canada is, has to use such an emergency power with some care and it takes time.

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The producers concerned on whose necks the retaliation is not likely to fall may be quite unconcerned about it. However, anybody responsible for advising ministers or the ministers themselves simply cannot ignore the extent to which other countries may take our action as an example or may choose to retaliate. Their rights to do so are quite clear in the Gatt, as our rights are if they act unreasonably.

In a certain sense the country that acts most precipitously and unreasonably in this way sets the standard of international conduct because all governments are under pressure to act protectively and unreasonably to serve the interests of particular groups.

## [Interpretation]

zaine ou plus qui doivent se réunir plusieurs fois avant de prendre une décision.

Si nous voulons en arriver à la célérité dont parle M. Hales et qui est absolument nécessaire, cette méthode doit être simplifiée afin qu'une seule personne ait le pouvoir de faire toute la révision interministérielle nécessaire. Peut-être aurions-nous besoin de quelqu'un qui soit mis à la disposition de quatre ou cinq ministères pour cette catégorie spéciale. Quelqu'un qui puisse réunir les personnes qu'il faut ou peut-être faire la recommandation préliminaire révisée par les ministères.

Nous devons trouver moyen de régler le problème technique de réunir toutes ces personnes en cause plusieurs fois, de présenter des instances à un gouvernement étranger, d'attendre sa réaction, et enfin d'appliquer tout cela. Lorsque tout cela est terminé, les pires préjugés sont déjà faits et les mesures qui sont prises sont insuffisantes. Y a-t-il une façon de régler cela en changeant votre méthode de procéder?

**M. R. Y. Grey:** Monsieur le président, rien dans la description de cette méthode du gouvernement de traiter les importations n'est près de la réalité.

Il est important de remarquer que ce qui retient le gouvernement du Canada d'agir précipitamment est le fait qu'un autre pays agira de la même manière contre nos exportations, (et nous vivons grâce à l'exportation,) ou il ripostera comme il a le droit de le faire aux termes du GATT. C'est ce qui refrène notre action et n'importe quel pays qui dépend d'exportations, comme le Canada, doit se servir de ce pouvoir d'urgence avec prudence, et cela prend du temps.

Quant aux producteurs en cause qui n'auraient probablement pas vent de la riposte, ils peuvent être assez indifférents à la chose. Toutefois quiconque est responsable de conseiller les ministres ou les ministres eux-mêmes ne peuvent simplement pas ignorer la réaction des autres pays qui suivront notre exemple ou voudront peut-être riposter. Leurs droits, comme les nôtres, sont très clairement définis dans le GATT.

Dans une certaine mesure les pays qui agissent le plus précipitamment et de façon déraisonnable, établissent malheureusement la conduite internationale car tous les gouvernements subissent des pressions pour agir protectivement et de façon déraisonnable et servir les intérêts de tel ou tel groupe.



*[Texte]*

I think the experience of some of us present who have had to deal with this has been that it is a very difficult and necessarily time-consuming exercise to make a case that satisfies ministers, who are required to invoke such a power, and to satisfy the representatives of other countries who are faced with the need of persuading their exporters that this action against their commercial interest is justified and does not call for retaliation. We have no way of compelling the United States, or Japan, or the United Kingdom to agree with us except by marshalling facts, and in my experience those are what we do not usually have.

**Mr. Howard (Okanagan Boundary):** Mr. Chairman, is clause 13 in the White Paper now going to improve the situation in this regard or is it going to be exactly the same?

**Mr. R. Y. Grey:** Mr. Chairman, clause 13 has nothing to do with the emergency power provision we have been discussing.

**Mr. Lambert (Edmonton West):** That may sound very logical, Mr. Grey. You indicated this view was not very realistic but I suggest to you that if producers are pounding on your door you find that it is damn realistic. This is no reflection on you but let me say that if you try to explain to a group of farmers or producers or manufacturers who are being hard hit as you have done to us that the thing is perfectly logical, I think you would be abused, at least verbally.

**Mr. Roberts:** I am sure there is a great deal of merit in the point of view Mr. Grey has expressed. However, I do not think you would want to suggest there are not legitimate interests, particularly amongst the agricultural producers, which at the moment are really being delegated for rather discretionary judgment on the part of officials and ministers.

The area with which we are concerned particularly are vegetable and fruit producers. This is not an unimportant area. These people have rights and interests to be considered as well as those people who are involved in exportation. At the moment they are not receiving a great deal of protection from low-priced importations which are not always a result of dumping but a result of seasonal fluctuations and seasonal lags.

It is exactly the kind of concern that Mr. Grey has expressed which has led to a certain inquiétude on the part of many people.

*[Interprétation]*

Je crois que c'est quelque chose qui prend beaucoup de temps et qui est très difficile, de présenter un plaidoyer qui puisse convaincre les ministres qui doivent avoir recours à ce pouvoir et convaincre, les représentants d'autres pays qui doivent, par ailleurs, persuader leurs exportateurs que cette action à l'encontre de leur intérêt commercial est justifiée et n'exige pas de riposte. Nous avons aucun moyen d'obliger les États-Unis, le Royaume-Uni ou le Japon de s'entendre avec nous sauf, si nous mettons les faits sur une table, et d'après mon expérience, les faits ne sont pas toujours là.

**M. Howard (Okanagan-Boundary):** Monsieur le président, l'article 13 du Livre blanc va-t-il améliorer la situation à cet égard ou est-ce que la situation va être exactement la même qu'auparavant?

**M. R. Y. Grey:** Monsieur le président, l'article 13 n'a rien à faire avec la disposition relative aux pouvoirs d'urgence que nous avons discutée.

**M. Lambert (Edmonton-Ouest):** Cela peut sembler très logique, monsieur Grey. Vous avez dit que cette opinion n'était pas très réaliste, mais si des producteurs frappent à votre porte, c'est très réaliste. Évidemment, ce n'est pas de votre faute. Si vous avez par exemple un groupe de producteurs qui subissent des contrecoups, et que vous essayez de leur expliquer la logique de ce qui se passe, je crois que la réponse verbale sera faite sur un ton plutôt rude.

**M. Roberts:** Je suis sûr que le procédé que vient d'expliquer M. Grey est très valable, mais vous ne voudrez sûrement pas dire qu'il ne s'agit pas d'intérêts légitimes, notamment pour les producteurs agricoles. À l'heure actuelle, il s'agirait d'un jugement discrétionnaire de la part des fonctionnaires et des ministres.

Ce qui nous préoccupe notamment, ce sont les producteurs de fruits et de légumes. Ce n'est pas un secteur sans importance. Ces gens ont des droits et des intérêts dont il faut tenir compte au même titre que ceux de n'importe quel autre exportateur. À l'heure actuelle, ils ne reçoivent pas beaucoup de protection lorsqu'il y a des importations à prix peu élevés qui ne résultent pas toujours du dumping, mais aussi des fluctuations et des retards saisonniers, c'est exactement le souci exprimé par M. Grey et qui donne lieu à certaines inquiétudes de la part de bien des

## [Text]

Because of this interest in protecting Canada's export markets and export interests some of the people who may suffer are the domestic producers in the vegetable and fruit field.

Any government will be reluctant to take action which will bring into effect the countervailing procedures under the GATT. This is the kind of concern which seems to me to be legitimate concern. We have got to be concerned not only with our export markets but with domestic producers.

**Mr. R. Y. Grey:** Mr. Chairman, if Mr. Gray would let me comment first, this has been a very active issue between representatives of various departments in the sort of groups you have talked about. There is real difficulty here.

It is our experience that we rarely get the facts. It is also our experience that if the facts really warrant action, and we have the facts, that the governments of the other countries concerned—they too find themselves in similar situations—are not disposed to delay us or to fail to agree with us. The problem always is that we are not provided with sufficient factual information.

• 1710

In a recent case we brought the Canadian producers who had been pounding on our door realistically face to face with representatives of the government of the exporting country and their producers.

I must say that the Canadian producers were revealed to be remarkably ill-informed and unable to make a case. The Canadian government representatives who had been making the case in previous meetings for them had done a much better job with really a very thin bundle of facts.

If it is the general view amongst the sort of producers you mentioned, Mr. Roberts, that if the government is not acting quickly the remedy is in their own hands: to provide the government with facts that will stand investigation. I think that is the conclusion reluctantly reached by a number of officials who have dealt with a number of these issues recently and who have been responsible for negotiating some settlement of them with the governments of the exporting countries.

It may well be that we have acted slowly but the reason is quite clear. We are not provided with sufficient facts. That is the only ammunition we need.

## [Interpretation]

gens. En raison de cet intérêt, à protéger les marchés d'exportation du Canada et les intérêts de l'exportation, les gens qui peuvent en souffrir sont les producteurs de fruits et de légumes.

Tout gouvernement hésitera à mettre en vigueur des mesures qui risqueront d'entraîner des ripostes. C'est une inquiétude légitime. Nous devons nous soucier non seulement de nos marchés d'exportation, mais aussi des producteurs au pays.

**M. R. Y. Grey:** Monsieur le président, si M. Gray veut me laisser d'abord faire un commentaire, ce fut une question très discutée par les représentants des divers ministères dans les groupes dont vous avez parlé. Il y a sûrement une difficulté réelle qui se pose ici.

On nous soumet rarement les faits. Si les faits justifient vraiment des mesures concrètes et si nous avons ces faits, les gouvernements des autres pays en cause se trouveront évidemment dans des situations semblables et ne seront pas disposés à nous causer du retard ou à n'être pas d'accord avec nous. Le problème, c'est que nous n'avons pas suffisamment de renseignements sur les faits.

Lors d'un cas récent, nous avons pu rencontrer des producteurs qui ne cessaient de présenter des instances aux représentants gouvernementaux du pays exportateur et leurs producteurs. Les producteurs canadiens semblent être très mal informés et incapables de pouvoir présenter un plaidoyer. Les représentants du gouvernement canadien qui présentaient ce plaidoyer en leur nom aux réunions précédentes avaient fait du bien meilleur travail avec vraiment très peu de faits.

Si c'est l'opinion générale chez les producteurs que vous avez mentionnés, monsieur Roberts, que le gouvernement n'agit pas rapidement, que les producteurs alors fournissent au gouvernement des faits qui pourront être vérifiés, telle est la conclusion à laquelle bon nombre de fonctionnaires qui ont étudié ces cas en sont venus qui ont été responsables de régler certains de ces problèmes avec les gouvernements des pays exportateurs. On en est venu à cette conclusion à contre-cœur.

Il se peut que nous ayons agi lentement mais la raison en est très claire. C'est qu'on ne nous fournit pas suffisamment de données et ce sont là les seules munitions dont nous avons besoin.



[Texte]

**Mr. Hales:** Mr. Grey, may I say that the next time I have an agricultural delegation on my doorstep with such a problem I am going to suggest they come right to Ottawa and get from the Department the facts they will require so they can put up a good case. Perhaps we can get some action this way, and I hope this clause will. It is really a bugbear in the field of agriculture.

**Mr. Gray:** Mr. Chairman, what Mr. R. Y. Grey said and what Mr. Hales has just said provides a basis for my suggestion. The problem as expressed by various members is not one which can be dealt with through amendment to the legislation. It is a matter of administration.

I think the solution then is for producer groups and interested members to remain in very close contact with the officials concerned both for the purpose of providing accurate and up-to-date information as soon as possible and also to see whether methods of contact and consideration could not be improved and updated as time goes on.

I think this is the best approach rather than trying to put a few words in the clause which might make us feel as if we had done something for a while. We might then find that what is really important, the provision of accurate information when required, is not available and therefore the action cannot be taken no matter what the legislation says.

**Mr. Gleave:** Mr. Chairman, if there are not guidelines for these producers set out within this proposed legislation how then will they know what facts they should bring?

The other problem is that quite often, I think, in the agricultural sector amongst a group of producers you will not find at hand or available to them the expertise that may quite often be available in the industrial sectors which have been in the habit over the years of dealing with this sort of thing. I think it may be fair to say of quite large sectors of agricultural production farmers have not really been faced with this and have not built up the expertise and the knowledge to cope with it. I think this is probably so.

With all due respect I do not think it is good enough—never mind good enough, let us not make a moral judgment on it—but I do not think it is practical to really expect these people to come up with the expertise and the knowledge to put their case. They know the

[Interprétation]

**M. Hales:** Monsieur Grey, permettez-moi de vous dire que la prochaine fois que les membres d'une délégation agricole se présenteront chez moi avec un tel problème, je leur dirai de se rendre directement à Ottawa et d'obtenir des ministères les faits voulus pour présenter un bon plaidoyer. Peut-être obtiendra-t-on des résultats de cette façon et j'espère que cet article en obtiendra. C'est vraiment la bête noire du domaine agricole.

**M. Gray:** Monsieur le président, M. Grey et M. Hales ont dit la même chose que je voulais dire. Le problème exprimé par différents membres n'est pas une question qui se règle par une modification de la mesure législative. C'est une question d'administration.

Je pense que la solution serait que les groupes producteurs et les membres intéressés demeurent en contact très étroit avec les fonctionnaires concernés dans le but de fournir des renseignements précis et à jour le plus tôt possible et aussi pour voir si les méthodes de rencontre et d'étude ne pourraient pas s'améliorer et se moderniser avec le temps. Je pense que cette attitude est meilleure que d'essayer d'inclure quelques mots dans un article qui pourrait nous faire croire que nous avons fait quelque chose pendant quelque temps.

Nous pourrions alors constater qu'il était important de donner au besoin des renseignements exacts, et s'ils ne sont pas disponibles, il est donc impossible de prendre des mesures malgré ce que prescrit la mesure législative.

**M. Gleave:** Monsieur le président, s'il n'y a pas, pour les producteurs, de principes directeurs établis dans la mesure législative proposée, alors comment sauront-ils quels sont les faits à signaler?

Il y a un autre problème aussi. Très souvent dans les secteurs agricoles, il y a certains groupes de producteurs qui n'ont pas en main les connaissances voulues et très souvent les renseignements existent dans les secteurs industriels, car dans ces domaines, on a l'habitude, depuis des années, de traiter ce genre de questions. Mais il est juste de dire que dans d'importants secteurs de la production agricole, les cultivateurs ne sont pas très renseignés. Souvent ils n'ont pas les connaissances voulues pour faire face à ces nouvelles situations, c'est mon explication.

Sauf erreur, je ne pense pas que cela suffise, je ne veux pas porter de jugement mais il n'est pas pratique de s'attendre vraiment à ce que ces gens possèdent toutes les connaissances pour présenter leur plaidoyer. Ils savent que le soulier blesse mais ils ne

[Text]

shoe hurts but they have not been to a foot specialist to find out what particular thing has to be done.

I think we should be concerned here, perhaps, in two areas. As Mr. Grey says it is not possible to set out guidelines then I suppose we will have to accept that statement. I have in times past been at tariff hearings and I know they can be complicated.

• 1715

However, I do not like to think that this is the situation and we will just have to leave it. I think the Federation of Agriculture, even if they said it in a manner which is not acceptable, is still trying to meet a very difficult situation. If their groups have not the expertise which I think is part of the problem, then the departments concerned should provide them with the expertise.

As the speaker over here said, have someone—call him an ombudsman or whatever you like—who has a knowledge of the workings of the various departments and who can assist the potato growers in Alberta, for example, who ran into a pretty difficult problem. After building an efficient industry and tailoring it to a market, all at once they found themselves undercut by a stripper grade of product coming from across the line. This is what I have to say.

**Mr. R. Y. Grey:** Mr. Chairman, it has not been, I think, the experience of government officials that the expertise deployed by the agricultural interests was markedly inferior to that of the industrial sector. However, it is a fact that in this area the government, perhaps because of the Department of Agriculture which as you know, is a very longstanding department, has a formidable degree of expertise.

Nonetheless when these problems arise it is often very difficult to get together quickly the facts which can make a compelling case to the government of the exporting country. That is, in practical terms a case compelling in terms of their exporters.

We have had a number of cases of this recently and I do not think I can comment much further except to say that I would conclude from this two things. It would be very dangerous to assign this power to one individual. It is usually by putting half a dozen senior officials together with representatives of the producer groups, officials responsible to different ministers for different aspects of government policy, that we have dealt with this issue most quickly; by getting

[Interpretation]

vont pas consulter un pédicure pour savoir ce qu'il faut faire.

Alors, ici, je pense que ces deux questions devraient nous préoccuper. Comme monsieur Grey l'a dit, ce n'est pas possible d'avoir des principes directeurs, alors, nous devons accepter cette déclaration. J'ai déjà assisté aux audiences sur le tarif et je sais que cela peut-être fort compliqué.

Cependant, je ne veux pas penser que tels sont les faits et que nous en resterons là, car si les membres de la Fédération de l'agriculture l'ont dit d'une façon qui n'est pas acceptable, on se rend compte qu'ils veulent essayer de régler une situation fort difficile. Si ces gens ne sont pas des spécialistes, et c'est là une partie de la difficulté, vraiment alors le ministère doit leur fournir ces connaissances. Comme cela a été proposé, ayez quelqu'un, appelez-le «ombudsman» ou tout ce que vous voudrez, qui connaisse le fonctionnement des divers ministères et qui puisse aider, par exemple, les producteurs de pommes de terre de l'Alberta, qui ont connu une situation difficile. Ils ont mis sur pied une industrie efficace, ils l'ont adaptée au marché, puis, d'un seul coup, une pomme de terre américaine de qualité secondaire est venue leur couper l'herbe sous les pieds.

**M. R. Y. Grey:** Monsieur le président, je ne pense pas que les fonctionnaires du gouvernement aient eu l'occasion de constater que l'expertise du secteur agricole était nettement inférieure à celle du secteur industriel. C'est un fait, toutefois, que le gouvernement a une expérience considérable dans ce domaine, peut-être grâce au ministère de l'Agriculture, qui existe depuis longtemps. Toutefois lorsque ces problèmes se posent, il est souvent très difficile de réunir à temps tous les renseignements nécessaires pour présenter un cas solide au gouvernement du pays exportateur.

Il y a eu certains cas de ce genre récemment. Je ne peux pas ajouter beaucoup d'autres choses, mais j'en conclus ceci. Il est très dangereux de remettre ce pouvoir aux mains d'une seule personne.

Le moyen le plus rapide de résoudre ce genre de problème, c'est de grouper une demi-douzaine de hauts fonctionnaires comptables envers divers ministres pour différents aspects de la politique avec des représentants des catégories de producteurs; en obtenant



*[Texte]*

all the different aspects from officials who are familiar with the techniques of negotiation and others who are familiar with the production side of it, and so on.

The other principle I would conclude is that it is just impossible to foresee the whole range of circumstances which should be covered by a set of guidelines. Any guidelines would probably end up prejudicing our ability to deal with some new situation. We are just not that good that we can foresee the whole range of emergency situations that can arise.

I doubt that any set of guidelines we would draw up would form the basis for negotiation with the government of any other exporting country. It would be a waste of time and would lead to a great deal of debate. I think it is better really to deal with these things case by case. It has been our experience that we do not need guidelines, we need facts.

**The Chairman:** Would you continue your remarks, Mr. Grey? Yes, Mr. Émard?

**M. Émard:** Pourrais-je émettre une suggestion, que j'ai déjà faite d'ailleurs, et qui pourrait peut-être aider les agriculteurs, quoique je sache qu'ils ne la prendront pas tellement au sérieux. Je pense que dans leur cas, il y a un manque d'organisation. J'ai déjà proposé que les cultivateurs, à travers le pays, se syndiquent à la façon des syndicats ouvriers dans l'industrie, où on négocie des conventions collectives. Vous grimacez, monsieur le président, mais je vais être très bref.

**Le président:** C'est parce que je me demandais si...

**M. Émard:** Mais quand même, je pense que ceci vaudrait la peine qu'on s'y arrête. Dans l'industrie, les conventions collectives sont endossées par des *stewards*, comme on les désigne, dans les différentes sections. Aussitôt qu'il se produit quelque chose, que quelqu'un viole la convention collective, tout de suite un grief est fait, qui est acheminé vers la direction centrale et une action peut être prise. Je vous transmets cette suggestion pour ce qu'elle vaut.

**Le président:** Merci monsieur Émard. Est-ce que M. Rod Grey veut continuer ses remarques sur...

**Mr. R. Y. Grey:** Mr. Chairman, I have three other points I would like to comment on. One is the problem of the 180-day provision. It is

*[Interprétation]*

des renseignements sur les divers aspects de la question, de fonctionnaires qui connaissent les techniques de la négociation et d'autres qui connaissent les questions de production, etc.

J'en conclurais aussi qu'il est impossible de connaître toutes les circonstances que devraient prévoir des directives. Des directives finiraient sans doute par nous empêcher de résoudre les nouvelles situations possibles. Nous ne sommes pas capables de prévoir toutes les situations urgentes.

Je ne sais pas si des directives pourraient nous permettre de négocier avec le gouvernement de n'importe quel autre pays exportateur. Ce serait une perte de temps, et cela prêterait à toutes sortes de discussions. Je crois qu'il vaut mieux régler ces problèmes un par un. L'expérience nous a prouvé que ce ne sont pas des directives qu'il nous faut, mais des faits.

**Le président:** Voulez-vous poursuivre, monsieur Grey? Oui, monsieur Émard?

**Mr. Émard:** I would like to make a suggestion, please. I have already made that same suggestion which although it can help the farmers, I doubt if they will take it very seriously. I think farmers are not well enough organized. I said before that farmers should be unionized as the trade unions in other industries are. In all industries you have contracts and collective bargaining through negotiation. Your expression shows some displeasure, Mr. Chairman, but I shall be brief.

**The Chairman:** The reason for that, Mr. Émard, is that I was wondering...

**Mr. Émard:** But I do think the suggestion is worth some time. In industry collective agreements are endorsed by "stewards" as they are called, in the various sectors. As soon as a violation is reported, a grievance is filed with the central executive immediately and action can be taken. I am making this suggestion for what it is worth.

**The Chairman:** Thank you, Mr. Émard. Does Mr. Rod Grey wish to proceed with his remarks on...

**M. R. Y. Grey:** Monsieur le président, je veux faire des observations sur trois autres questions. D'abord, la disposition concernant

## [Text]

not included in our amendments, but I think it is necessary to provide for the situation that Parliament may not be sitting.

## ● 1720

A technical amendment is required to be sure that an order does not lapse simply because Parliament is not there to approve it. I see that this similar technical difficulty exists in the subsection of section 4 of the Customs Tariff Act on which this was modelled.

The second point is the question of "or" or "and" in clause 13(b) and the converse in clause 14(1). I think this was dealt with by the memorandum of law which Mr. Arthur read prepared by the solicitor of the Treasury Board which is set out on page 304.

A further point is the question of definition of "like goods". I would like to say that the view expressed yesterday by Mr. Hales really carries my judgment on the question of the definition of "like goods". The definition of "like goods" is used in a number of different contexts in the Code and the draft Bill.

I think the definition we have, which is modelled on the one in the Code, does in fact protect the legitimate interests of such groups as the producers more effectively than any other definition. The proposal they made is not inconsistent with the present definition and those words do not need to be added. I think Mr. Hales summed it up effectively yesterday.

My final point Mr. Chairman is that I would like to comment partly for the record on the question of the list of sensitive goods. It has been suggested to me that, in preparing a long list of sensitive goods on the basis of which entries that appear to be dumped will be reported to the Deputy Minister of the Department of National Revenue, the government may be going somewhat beyond the provisions of the Code which provide that it is only in special circumstances that the initiative to launch an investigation is taken by the national authorities.

I think that for the time being at least it would be accepted by our trading partners that for a country in Canada's position with a complex system of anti-dumping laws switching over to an equally complex but radically different system, that the period of transition, the need for transitional arrangements, in itself is a case of special circumstances.

After the Tribunal has made a number of orders or findings levying the anti-dumping duties, which orders or findings will stand for

## [Interpretation]

le délai de 180 jours. Ce n'est pas inclus dans nos modifications, mais je pense qu'il est nécessaire de prévoir les cas où la Chambre ne siègerait pas.

Il faut une modification technique pour garantir qu'un ordre ne risque pas de tomber simplement parce que le Parlement n'est pas là pour l'approuver. Je vois qu'il y a une difficulté technique semblable dans le paragraphe de l'article 4 de la Loi sur le tarif des douanes que l'on a pris pour modèle.

La seconde question concerne le «ou» et le «et» dans l'article 13b), et le contraire dans l'article 14(1). On en parlait dans le mémoire lu par M. Arthur et préparé par l'avocat du Conseil du trésor. On le retrouve à la page 304.

Troisièmement, il y a la définition de «marchandises semblables». L'opinion exprimée hier à ce sujet par M. Hales est la même que la mienne. La définition de «marchandises semblables» est utilisée dans plusieurs contextes dans le Code et dans le projet de loi, et je pense que la définition que nous avons et qui est modelée sur celle du Code protège en fait les intérêts de certains groupes comme les fabricants de chaussures. C'est la définition qui convient le mieux. Cela ne s'oppose pas à la définition actuelle et il n'est pas nécessaire d'ajouter autre chose à la définition. Le dernier point, monsieur le président.

Je voudrais commenter la question des marchandises, ce qu'on appelle les «marchandises vulnérables». On a dressé une liste des objets qui peuvent être des cas de dumping. On peut aller plus loin que les dispositions du Code. On dit qu'il ne s'agit que de cas spéciaux et que l'initiative de l'enquête revient aux autorités nationales. Pour l'instant du moins, je pense que nos partenaires commerciaux accepteront, étant donné que nos lois antidumping sont très complexes et que notre système est radicalement différent, la période de transition; cette transition résulte de circonstances spéciales.

Après que le Tribunal aura rendu un certain nombre d'ordonnances ou de conclusions imposant des droits antidumping qui reste-



## [Texte]

a period of time until they are reviewed or rescinded by the Tribunal, whether it will be necessary to have a list of so-called sensitive goods, is another matter. For the time being I think the concern of our trading partners ought to be covered by the fact that the period of transition itself creates special circumstances. I think the Committee will appreciate I am stating this more or less for the record.

The final point I would like to observe, Mr. Chairman, is that it was alleged yesterday now there will not be the automatic application of anti-dumping duty when the selling price is less than the fair market value. I hope that it is clear to members of the Committee that really is not the problem of dumping in Canada.

As one witness, Mr. Hehner, observed—I think observed is the wrong word—alleged, it is not necessary for importers to pay anti-dumping duties if they are well-advised and they so arrange their affairs. It is a very naive importer indeed who states that he is dumping—of course if he does under the present legislation he may find himself caught by the provision under the clause concerning massive dumping—or that he knew the exporter practised dumping.

It seems to me there is no clear way of indicating that you knew the exporter practised dumping other than to state that his selling price to you was less than the normal value. That is the reason it was put in the Code. It was to deal with the question of people who dump overtly rather than covertly. It occurred to us that there was some possibility that what is now alleged to exist, namely covert dumping, by not making it too plain that you are dumping on the invoice, would be replaced by the problem of overt dumping, leaving the onus to the administration to pursue it.

## • 1725

Well, the risk that sort of invoicing exposes the importer to, as the witness yesterday mentioned, is that he falls within these words "the importer... should have been aware that the exporter was practising dumping". I submit that there can be no clear way of indicating that you knew the exporter was practising dumping other than by saying so on the invoice. That concludes my general remarks, Mr. Chairman.

**The Chairman:** Have you any comments, gentlemen, on Mr. Grey's remarks?

**Mr. Hales:** I may have overlooked what Mr. Grey said, but when we are talking about the Tribunal and the secretary "shall forward by

## [Interprétation]

ront en vigueur jusqu'à leur révision ou leur annulation par le Tribunal, la nécessité d'avoir une liste des marchandises vulnérables sera une tout autre affaire. Mais pour le moment, la période de transition crée des circonstances spéciales, ce qu'il faut expliquer à nos partenaires. Je dis tout cela pour qu'on l'inscrive au compte rendu.

Maintenant, j'en suis au point final. On a prétendu hier qu'il n'y a pas d'application automatique de droit antidumping lorsque le prix de vente est moins élevé que la juste valeur commerciale. Ce n'est pas là le véritable problème du dumping au Canada: j'espère que vous le comprenez.

Comme M. Hehner l'a fait observer, ou plutôt, comme il l'a supposé, il n'est pas nécessaire que les importateurs paient les prix d'antidumping s'ils sont avertis.

C'est toujours un importateur très naïf qui déclare qu'il fait du dumping. Bien sûr, avec la loi actuelle, il sera sous le coup de l'article relatif au dumping massif ou sous le chef qu'il savait que l'exportateur faisait du dumping.

Alors il n'y a pas de façon claire de le préciser—la seule façon de le dire est si le prix est moins élevé que la valeur normale du marché. C'est ce qu'on dit dans le code. On voulait s'occuper de ceux qui faisaient du dumping de façon délibérée. C'est du dumping dans ces cas aussi. Cela apparaît sur la facture et il y aurait un excès de dumping aussi.

Alors des risques de ce genre peuvent être mentionnés sur les bons de commande, le témoin, hier, en a parlé: «L'importateur aurait dû savoir que l'exportateur faisait du dumping». Il n'y a pas de façon claire et précise de savoir que l'exportateur faisait du dumping et de le préciser sur le bon de commande. Cela met fin à mes observations, monsieur le président.

**Le président:** Avez-vous des observations, messieurs, sur ce qu'a dit M. Grey?

**M. Hales:** Lorsque nous disons que le secrétaire du tribunal «enverra en recommandé un exemplaire de chacune de ses conclusions»,

[Text]

registered mail a copy of each order or finding", are we going to put in there that the secretary also send a copy to the complainant? Was that covered?

**Mr. R. Y. Grey:** Mr. Chairman, if we have not covered it in this list of amendments it is certainly our intention to do so; that is the sense of my remarks.

**Mr. Hales:** Thank you.

**The Chairman:** Have you any other questions, gentlemen?

**Mr. Gray:** I do not have a question on Mr. R. Y. Grey's comments, which I think have been most helpful. However, it has occurred to me that because of the comprehensive nature of the comments, the discussion we have had and the fact that the draft changes were circulated for study yesterday, we may not feel it is necessary to go through the draft Bill clause by clause.

I would put forward as a suggestion that we may be willing to consider the matter more or less en bloc. I do not know whether that would meet the favour of the Committee. I just make the suggestion that in view of the very comprehensive discussion we have had up to now...

**The Chairman:** Have you any comments, gentlemen, on Mr. Gray's suggestion that we do not vote clause by clause?

**Mr. Gillespie:** Mr. Chairman, I do not think I am ready yet to agree to the suggestion partly because I have a question I want to put to Mr. R. Y. Grey.

**Mr. Gray:** I do not propose cutting off questions but if there are only a few people who want to ask questions perhaps we may dispose of them. I just put the proposal forward as a suggestion; it may not meet the general approval of the Committee. If that is the case I do not wish to push the matter.

**The Chairman:** Mr. Gillespie mentioned that he has a few questions to ask of Mr. R. Y. Grey. After that are you gentlemen agreeable to Mr. Gray's motion or suggestion.

**Mr. Lambert (Edmonton West):** No, no, Mr. Chairman, There is a matter I want to discuss at considerable length, whether there is any possibility of any legislative enactment in this proposed Bill to assist the Department of National Revenue to obtain information from certain electricity authorities or utilities or Crown corporations or what have you, on details as to tender on these long-lead items. Particularly with respect to certain types of

[Interpretation]

durons-nous aussi qu'il enverra un exemplaire au plaignant?

**M. R. Y. Grey:** Si ce n'est pas mentionné dans le mémoire, nous voulons sûrement le mentionner aussi.

**M. Hales:** Merci.

**Le président:** Avez-vous d'autres questions?

**M. Gray:** Je n'ai pas de questions à poser au sujet des commentaires de M. R. Grey, qui ont été des plus utiles. Mais j'ai pensé que puisque les commentaires sont d'intérêt général et qu'on les a discutés de façon générale aussi, qu'on a distribué hier un mémoire dans lequel figurent tous les changements, il n'était peut-être pas nécessaire de revenir au projet de loi article par article et l'on pourrait régler la question de façon globale. Je ne sais pas si cela convient aux autres membres du comité mais pour donner suite à la discussion que nous avons eue jusqu'ici cela conviendrait probablement.

**Le président:** Que pensez-vous de la proposition de M. Gray de ne pas voter article par article?

**M. Gillespie:** Monsieur le président, je ne suis pas encore disposé à accepter cette suggestion car moi-même j'ai des questions à poser à M. Rod Grey.

**M. Gray:** Si ma proposition n'obtient pas l'accord du Comité, je la retire.

**Le président:** M. Gillespie a dit qu'il avait quelques questions à poser à M. Grey. Ensuite, pensez-vous qu'on devrait accepter la suggestion de M. Herb Gray?

**M. Lambert (Edmonton-Ouest):** Non, monsieur le président, il y a un problème sur lequel je voudrais insister. Semble-t-il possible d'avoir quelque chose qui aurait force de loi pour aider le ministère du Revenu national à obtenir des renseignements des compagnies d'électricité ou d'utilités publiques ou des sociétés de la couronne? Il y a une longue liste d'articles, surtout pour l'équipement lourd et cela représente un grave danger.



[Texte]

heavy equipment, which provide a very grave danger.

I suggest to you at the present time, sir, that with the best of intentions the hands of the Department of National Revenue are tied. They are handcuffed and I do not care how many Anti-dumping Codes or Bills we pass unless they are able to take appropriate action the Canadian industries concerned can have any amount of dumping carried on within the tender. Even though there may be a penalty on the delivery of goods it still does not put 500 men, say, back to work in a heavy equipment plant.

That is the point I want to raise, and it is going to take too long for me. I have other commitments and I think perhaps we could have a crack at this tomorrow morning.

• 1730

**The Chairman:** May I make a suggestion gentlemen. Perhaps I could allow Mr. Gillespie to ask his few questions then we could adjourn until tomorrow morning at 9.30 because we have to prepare our report. Mr. R. Y. Grey had the floor for nearly two hours so perhaps we should give him a rest. Otherwise we may be accused of ill-treatment.

**Mr. Lambert (Edmonton West):** Mr. Chairman, I would say that the reactions of the officers of the Department of Finance and the Department of National Revenue have been very good in the amendments they have proposed. They have shown that they did not have closed minds.

**The Chairman:** Thank you, Mr. Lambert. I will allow Mr. Gillespie to ask his question and then, as my suggestion has been accepted by the Committee, we will adjourn until tomorrow morning at 9.30 in the same room with the same witnesses.

**Mr. Gillespie:** My question relates to the question of material injury, not so much from the point of view of the discussions we have already had on serious injury, but I would draw your attention to clauses 5 and 16. I think both of these clauses were referred to a moment ago by Mr. Grey in his remarks when he said:

(B) the importer of the goods was or should have been aware that the exporter was practising dumping...

The next part of this clause reads:

and that such dumping would cause material injury to the production in Canada of like goods, . . .

[Interprétation]

Je pense qu'avec les meilleures intentions du monde, le ministère du Revenu national a les mains liées. Quel que soit le code sur l'antidumping ou les projets de loi qui seront adoptés, l'industrie canadienne peut souffrir du dumping même lorsqu'il y a des appels d'offres et même s'il y a des amendes à payer sur livraison. Ces centaines de personnes qui n'ont pas de travail dans les industries d'équipement lourd n'en retrouveront pas pour autant.

C'est le point que je voudrais soulever. Je ne peux pas parler très longtemps car j'ai d'autres engagements et je pensais qu'on pourrait en bavarder demain.

**Le président:** Je pourrais permettre à M. Gillespie de poser ses questions et nous ajournerons ensuite jusqu'à 9h30 demain matin. M. Grey a parlé pendant près de deux heures, je pense que nous devrions le laisser se reposer. Autrement, nous serions accusés de le malmenier.

**M. Lambert (Edmonton-ouest):** Je pense que la réaction des fonctionnaires des ministères des Finances et du Revenu national est très bonne dans les amendements proposés. Ils ont montré qu'ils avaient l'esprit ouvert.

**Le président:** Alors, je permettrai à M. Gillespie de poser ses questions et si ma suggestion est acceptée par le Comité, nous lèverons la séance jusqu'à 9h30 demain matin, même salle, mêmes témoins.

**M. Gillespie:** Je veux parler du préjudice matériel, non pas dans l'optique dont nous en avons parlé jusqu'ici, mais je tiens à attirer votre attention sur les articles 5 et 16. M. Gray en a parlé il y a quelques minutes lorsqu'il a dit:

(B) l'importateur savait ou aurait dû savoir que l'exportateur pratiquait le dumping.

On lit ensuite dans l'article:

et que ce dumping causerait un préjudice sensible à la production au Canada des marchandises semblables.

## [Text]

It has occurred to me if an importer is going to be expected to know or be aware that material injury is being caused to the production of goods, that he should be told the rules by which the Tribunal will be finding material injury.

In our discussions up to now, it has not been clear to me whether or not it is the intention of the Tribunal to publish the rules whereby it would indicate to importers generally where injury would be found of a material nature.

**Mr. R. Y. Grey:** Mr. Chairman, if I could comment on that. If one examines the experience of the United States who had a tribunal that was dealing with the question of injury and the experience of the United Kingdom where officials of the Board of Trade in the Anti-dumping Division deal with the same problem. I think one would conclude from their experience that it is not possible to set down what is injury, material injury or the threat of it because each one of these situations is completely different.

It is this judgment which is really at the heart of the change in the Canadian legislation. We accepted the judgment of the international community that you could not deal with the question of injury by general rules of law and that same observation covers the setting out of guidelines.

Each one of these cases is unique and it has to be settled on the merits of the case. That view was reflected in the statement of the United States representative which I read to the Committee. The Tariff Commission will deal with each case on its merits in the light of the facts of that particular case.

Now, a second point, Mr. Gillespie. My observation flows from the statement made in the brief which was considered by your Committee yesterday where it was stated that dumping was an unlawful practice. It is not an unlawful practice. It may be considered an unfair practice, but the international rules—the GATT—say it is a practice to be condemned if it causes material injury or the threat of material injury.

It is my view that it ought to be a risky practice and any importer can be sure that he is not going to be caught with anti-dumping duty by not dumping. The rules that will be applied to determine whether he is dumping or not are set out very clearly in the law and in those key Regulations which in draft form have already been reported to the Committee. They are to be applied subject to appeal to the Tariff Board on both the facts and the

## [Interpretation]

Alors si l'importateur doit être au courant, ou doit savoir qu'il y a un préjudice sensible, dans ce cas, on doit lui dire selon quelles règles le tribunal découvrira ce préjudice.

Ensuite, je ne sais pas de façon précise si le tribunal a l'intention de publier les règlements qui indiqueraient aux importateurs en général s'il y aura un préjudice sensible.

**M. R. Y. Grey:** Si on songe à l'exemple des États-Unis qui avaient un tribunal pour étudier les préjudices, et aux pratiques mises en œuvre au Royaume-Uni, (le *Board of Trade*) on peut conclure qu'il est impossible de définir ce qu'est le préjudice ou le préjudice sensible, car chaque cas est différent.

C'est vraiment le grand changement de notre loi: nous avons accepté le jugement de la collectivité internationale qui est le suivant: on ne peut régler les préjudices en ayant des lois générales et en fixant des directives.

Car chaque cas doit être étudié. C'est ce qui ressort de la déclaration faite par le représentant des États-Unis et qui a été lue en Comité. La Commission du Tarif a étudié chaque cas individuellement et à la lumière des faits, elle a jugé chaque cas individuellement.

Pour répondre à votre deuxième question, monsieur Gillespie, je reviens à la déclaration faite par l'Association des fabricants de chaussures. On a dit que la pratique du dumping était illégale. Ce n'est pas illégal, c'est peut-être déloyal mais le GATT dit que c'est une pratique qui doit être condamnée si elle entraîne des préjudices sensibles ou menace de le faire.

Je pense que c'est une pratique qui entraîne certains risques et les importateurs savent que les règlements sont très précis dans la Loi et dans les règlements. Et nous avons déjà étudié le projet de loi. Ces règlements doivent s'appliquer conformément aux appels qui seront faits à la Commission du Tarif. Alors, nous aurons toutes les directives voulues. Nous saurons exactement ce qu'est le dumping. Et si l'importateur veut éviter les



[Texte]

law and to appeal beyond the Tariff Board on a point of law.

There will be no lack of guidance as jurisprudence develops as to what is dumping. If any importer wishes to avoid anti-dumping duty he can abide by those rules.

**Mr. Gillespie:** My question related to injury.

**Mr. R. Y. Grey:** I realize that, sir, but I think that no government has felt it appropriate to indicate how much you can injure producers before it will be considered material injury. The onus, really, of taking the risk is on the importer. If he wishes to dump then he has to run the risk that that dumping may have an impact on the producers which is injurious. He may see from a study of various cases that have been found by the Tribunal to constitute material injury, a line of argument developing and he may, therefore, form a judgment.

• 1735

In the United States even that is a practice that is risky because the United States Tariff Commission says that in relation to these matters it is not bound by precedent.

If we were to follow the sort of suggestion we would have, we would be going further in indicating to importers and to exporters in other countries the extent to which they could dump in Canada with impunity. They would have a right which Canadian exporters would not have in other countries.

It is not possible to say to a Canadian exporter that he can dump X quantity of goods by so much in such an area of the United States and be sure it will not be injurious because the United States Tariff Commission is not bound by precedent. There is no clear line that can be found in the existing cases even before the Code, to state a conclusion which would summarize the findings of injury.

The Code does not provide guidance on this. It says in two different paragraphs only two things. You ought to look at the following measures or indices of injury, but it does not say what injury is. It says these are the various things like profit, employment and so on. It lists the indices, but it does not talk about the reality.

**Mr. Gillespie:** This is not incorporated in the draft Bill. There is no reference to this particular section of the Code as there is, for instance, with the definition of industry.

**Mr. R. Y. Grey:** Mr. Gillespie, that is because this does not say what injury is. It

[Interprétation]

droits d'antidumping, il doit appliquer les règlements.

**M. Gillespie:** Je parlais de préjudice.

**M. R. Y. Grey:** Oui, je le sais, monsieur. Mais, il n'y a pas un seul pays qui ait jugé bon d'évaluer le préjudice avant qu'il soit considéré comme sensible. C'est l'importateur qui prend les risques s'il veut faire du dumping. Il doit courir ce risque et le dumping peut avoir un effet néfaste sur le producteur. Il peut en conclure, après avoir étudié les différentes causes étudiées aux tribunaux, qu'il peut voir un certain nombre de thèses dans ces causes et il peut se faire une idée.

Même aux États-Unis c'est un risque car la Commission du Tarif ne s'estime liée par aucun précédent.

Si nous voulons suivre cette suggestion, nous irions même plus loin en indiquant aux exportateurs, aux importateurs des autres pays, dans quelles limites ils pourraient faire du dumping au Canada sans impunité. Ils auraient des droits que les exportateurs canadiens n'auraient pas dans d'autres pays.

Il n'est pas possible de dire aux exportateurs canadiens: «Vous pouvez faire du dumping de telle quantité de marchandises». Car la Commission américaine du tarif n'est pas du tout liée; il n'y a pas de ligne de démarcation nette qui puisse être tracée en vertu du Code. Surtout si on essaie de résumer les conclusions en matière de préjudice. Le Code ne donne aucune orientation. Il dit simplement qu'il faut s'occuper des mesures suivantes, mais en quoi consiste le préjudice.

**M. Gillespie:** Cela n'est pas incorporé dans le projet de loi.

**M. R. Y. Grey:** M. Gillespie, on ne définit pas les préjudices. C'est simplement une

[Text]

says these are the ways in which to measure it—the list of indices—and they are very common sense. Any body of sensible men would look at those indices; they would look at the profits, the turnover, the share of market, employment and so on. They are all rather obvious.

The other paragraph of the Code that deals with this, again does not say what injury is. It just says that you should look at the other factors that are impinging on the industry and affecting its rate of profitability and so on, in order to be sure that the injury which was found to exist was caused by dumping and not caused by something else because one wants to be sure that dumping caused the injury and the affect is related to that particular cause. That is all it says. In my view the only meaningful comment in the Code about injury and I asserted this view before this Committee earlier, the definition of an industry and that definition we did put in the draft Bill.

Now, if we get to the position, Mr. Gillespie, where internationally some rules as to what is material injury can be agreed upon by the major trading partners and those are adhered to by the countries to which we export our goods, I would suggest that that would be the time when it would be appropriate to incorporate those set of rules in Canadian law, but not before.

**Mr. Gillespie:** You can see this cuts both ways, from the point of view of the domestic producers who are seeking protection from alleged dumping practices. It might be argued against their interest that the importer could not know there was any dumping because there are no rules. How could it be found that he should have been aware that there was any dumping and, therefore, we have not levied a provisional duty?

**Mr. R. Y. Grey:** Mr. Gillespie, I do not think it is correct to say that people will not know whether there is dumping or not. I think it is a fact that most importers who are dumping know that they are dumping.

**Mr. Gillespie:** I did not mean that—I meant the criterion of injury. This has to do with the provisional duties, does it not, under clause 5:

There shall be levied, collected and paid upon all dumped goods entered into Canada...

**Mr. R. Y. Grey:** I do not think that is the provisional clause. The provisional duty clause, Mr. Gillespie, is clause 15 which gives the power to the Deputy Minister once he has

[Interpretation]

façon de mesurer tout cela. Et évidemment, quiconque est intelligent jetterait un coup d'œil à toutes les données de la question.

L'autre paragraphe du Code ne dit pas non plus en quoi consiste le préjudice. Afin d'être sûr que ces préjudices sont causés par le dumping et non pas par autre chose, il faut s'assurer que le dumping entraîne des préjudices.

A mon avis, le seul commentaire significatif qu'on trouve dans le Code au sujet des préjudices, c'est la définition de l'industrie, et cette définition figure dans le projet de loi.

Cela dit, si l'on en arrive, sur le plan international, à une définition commune de la notion de préjudice, on pourrait alors, mais non avant, l'insérer dans la loi canadienne.

**M. Gillespie:** Mais les producteurs nationaux cherchent la protection contre la pratique du dumping. L'importateur ne peut pas savoir qu'il y a ou non dumping car il n'y a pas de directives, de règlements. Comment pourrait-on savoir, comment peut-il savoir s'il y a dumping ou non? Et par conséquent, il n'y aurait pas de droits provisoires qui soient imposés au début.

**M. Grey:** Eh bien, monsieur Gillespie, je ne pense pas qu'il soit juste de dire qu'on ne sait pas s'il y a dumping ou non. C'est un fait, à mon avis, que la plupart des importateurs qui font du dumping en sont conscients.

**M. Gillespie:** Ce n'est pas ce que je voulais dire. Je parlais du critère de préjudice, qui a rapport avec les droits provisoires. Voir article 5:

Ils porteront sur toutes les marchandises entrées au Canada en dumping.

**M. Grey:** Une fois qu'on a déterminé que telles ou telles importations causent des préjudices, on peut alors appliquer les droits provisoires. Mais il appartient au sous-minis-



[Texte]

made a preliminary determination by this law which has been proposed, that all those entries are entered provisionally. If they have caused injury that, read in relation with the Code, means you can collect a definitive dumping duty.

• 1740

However, it is entirely up to the Deputy Minister of National Revenue to determine whether or not, in addition to taking the entries provisionally, he may also demand an immediate payment of a duty. He may regard these as coming in in very great volume or it may be self-evident to him that they are very injurious. It is left to him to decide what degree of severity in terms of provisional action is required. The law provides the minimum if the entries are provisional.

The clauses to which you referred are the clauses which levy the definitive duty.

**Mr. Gillespie:** That is right.

**Mr. Gray:** Mr. Chairman, as I read clause 15, it is not necessary for the Deputy Minister to be satisfied that the importer should have been aware of dumping before he could levy provisional duty. He may want to take that into account in exercising his discretion, but it is not a requirement.

**Mr. R. Y. Grey:** Mr. Chairman, the decision as to whether or not the importer should have been aware that the exporter was practicing dumping and that such dumping would cause a threat of material injury or that it was one of a series of importations which in the aggregate would constitute dumping, is a decision for the Tribunal to make.

That is an aspect of injury, that the nature of that particular importation either alone or in a series was massive and that these other conditions did exist is all part of the aspect of injury. As we have proposed that is to be left entirely for the Tribunal to decide. I admit that it would make that kind of dumping risky.

**Mr. Gillespie:** I will ask the rest of my questions tomorrow, Mr. Chairman.

**The Chairman:** Thank you, Mr. Gillespie.

Gentlemen, thank you very much. The meeting is adjourned until tomorrow morning at 9.30 in the same room with the same witnesses.

[Interprétation]

tre du Revenu national d'arrêter son jugement.

Le sous-ministre peut exiger que les droits soient versés immédiatement et il peut décider qu'il y avait une trop grande quantité d'importations et il lui appartient de décider si oui ou non de quel degré de sévérité il peut faire montre. Les dispositions dont vous avez parlé sont celles qui ont trait aux droits définitifs.

**M. Gillespie:** C'est exact.

**M. Gray:** Monsieur le président, si j'ai bien compris l'article 15, il n'est pas nécessaire que le sous-ministre soit convaincu que l'importateur aurait dû savoir qu'il y avait dumping avant d'imposer les droits provisoires. Il peut en tenir compte, il peut tenir compte de l'opinion de l'importateur, mais ce n'est pas une condition *sine qua non*.

**M. Grey:** La décision de savoir si oui ou non l'importateur devrait savoir si oui ou non il y a du dumping, et que cela peut causer des préjudices sensibles, cette décision incombe au tribunal. C'est un aspect du préjudice, à savoir que cette importation, seule ou en série, était abondante. Si toutes ces autres conditions existent, cela touche entièrement à l'aspect préjudice. Et la décision devrait être laissée entièrement au tribunal. C'est du moins, ce que nous proposons. Voilà qui rendrait le dumping risqué.

**M. Gillespie:** Je vais attendre à demain pour poser mes questions.

**Le président:** Merci, monsieur Gillespie.

Messieurs, merci. La séance est levée jusqu'à demain matin à 9h30, même salle, mêmes témoins.







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*Le Greffier de la Chambre,*  
ALISTAIR FRASER,  
*Clerk of the House.*



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HOUSE OF COMMONS

First Session

Twenty-eighth Parliament, 1968

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STANDING COMMITTEE  
ON

FINANCE, TRADE  
AND  
ECONOMIC AFFAIRS

*Chairman:* Mr. Gaston Clermont

---

MINUTES OF PROCEEDINGS  
AND EVIDENCE

No. 16

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THURSDAY, DECEMBER 5, 1968

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*Respecting*

White Paper on Anti-dumping

---

*Witnesses:*

*From the Department of Finance:* Messrs.  
R. Y. Grey, Assistant Deputy Minister and  
C. D. Arthur, International Economic Re-  
lations Division.

FASCICULE BILINGUE OFFICIEL  
(voir au verso du fascicule)

CHAMBRE DES COMMUNES

Première session de la

vingt-huitième législature, 1968

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COMITÉ PERMANENT  
DES

FINANCES, DU COMMERCE  
ET DES  
QUESTIONS ÉCONOMIQUES

*Président:* M. Gaston Clermont

---

PROCÈS-VERBAUX ET  
TÉMOIGNAGES

N° 16

---

RÉUNION DU  
JEUDI 5 DÉCEMBRE 1968

---

*Concernant*

Le Livre blanc sur l'antidumping

---

*Témoins:*

*Du ministère des Finances:* MM. R. Y. Grey,  
sous-ministre adjoint et C. D. Arthur, di-  
vision des relations économiques interna-  
tionales.

ROGER DUHAMEL, F.R.S.C.  
Queen's Printer and Controller of Stationery  
Imprimeur de la reine et contrôleur de la papeterie  
Ottawa, 1968

STANDING COMMITTEE ON  
FINANCE, TRADE  
AND  
ECONOMIC AFFAIRS

*Chairman:* Mr. Gaston Clermont

*Vice-Chairman:* Mr. Alastair Gillespie  
and Messrs.

Blair,  
Burton,  
Comtois,  
Danson,  
Downey,  
Flemming,  
Gauthier,

Gervais,  
Gleave,  
Gray,  
Hales,  
Howard (*Okanagan  
Boundary*),

*La secrétaire du comité,*  
Dorothy F. Ballantine,  
*Clerk of the Committee.*

COMITÉ PERMANENT DE LA  
FINANCE, DU COMMERCE  
ET DES  
QUESTIONS ÉCONOMIQUES

*Président:* M. Gaston Clermont

*Vice-président:* M. Alastair Gillespie  
et MM.

Lambert (*Edmonton  
West*),  
Latulippe,  
Portelance,  
Ritchie,  
Roberts,  
Trudel—(20)



[Text]

## MINUTES OF PROCEEDINGS

THURSDAY, December 5, 1968.  
(25)

The Standing Committee on Finance, Trade and Economic Affairs met at 9:45 a.m. this day, the Chairman, Mr. Clermont, presiding.

*Members present:* Messrs. Blair, Burton, Clermont, Comtois, Danson, Flemming, Gervais, Gillespie, Gray, Howard (*Okanagan Boundary*), Lambert (*Edmonton West*), Portelance, Ritchie, Roberts, Trudel—(15).

*In attendance:* From the Department of Finance: Messrs. R. Y. Grey, Assistant Deputy Minister and C. D. Arthur, International Economic Relations Division. From the Department of National Revenue (*Customs and Excise*): Messrs. A. R. Hind, Assistant Deputy Minister; M. T. Keam, Director, Customs Appraisal Division; H. D. MacDermid, Chief, Valuation Section. From the Department of Industry: Mr. V. R. St. Louis, Office of Industrial Policy. From the Department of Trade and Commerce: Mr. C. J. Kelly, Office of Area Relations. And also: Mr. H. Calof, Solicitor to the Treasury.

The Committee resumed consideration of the White Paper on Anti-Dumping and Messrs. Arthur and Grey were questioned.

The Committee then proceeded to a clause by clause study of the draft bill on anti-dumping contained in the White Paper, and agreed to all the clauses as amended by the paper tabled at yesterday's meeting by the officials of the Department of Finance.

The Committee then sat *in camera* to consider its report to the House, and a report was discussed and agreed upon.

*Agreed,*—That the Chairman present the Report to the House.

In accordance with the resolution of November 21, 1968, the briefs of those organizations who have not appeared before

[Traduction]

## PROCÈS-VERBAL

Le JEUDI 5 décembre 1968.  
(25)

Le Comité permanent des Finances, du commerce et des questions économiques se réunit ce matin à 9 h. 45 sous la présidence de M. Clermont, président.

*Présents:* MM. Blair, Burton, Clermont, Comtois, Danson, Flemming, Gervais, Gillespie, Gray, Howard (*Okanagan Boundary*), Lambert (*Edmonton-Ouest*), Portelance, Ritchie, Roberts, Trudel—(15).

*Aussi présents:* Du ministère des Finances: MM. R. Y. Grey, sous-ministre adjoint et C. D. Arthur, division des relations économiques internationales. Du ministère du Revenu national (*Douanes et Accise*): MM. A. R. Hind, sous-ministre adjoint; M. T. Keam, directeur, division de l'appréciation (douanes); H. D. MacDermid, chef, section de l'évaluation. Du ministère de l'Industrie: M. V. R. St-Louis, bureau de la politique industrielle. Du ministère du Commerce: M. C. J. Kelly, bureau des relations régionales. Et aussi: M. H. Calof, avocat du Trésor.

Le Comité reprend l'examen du Livre blanc sur l'antidumping et MM. Arthur et Grey répondent aux questions.

Le Comité étudie article par article le projet de loi contenu dans le Livre blanc et accepte tous les articles, compte tenu des amendements contenus dans les documents soumis hier par les hauts fonctionnaires du ministère des Finances.

Le Comité se réunit alors à huis clos pour préparer son rapport à la Chambre; on discute du rapport et le met au point.

*Il est décidé,*—Que le président présente le rapport à la Chambre.

Conformément à la résolution du 21 novembre 1968, on inclut à la présente les

the Committee are included herein as appendices, as follows:

*Appendix QQ: Apparel Manufacturers Council of Canada*

*Appendix RR: Atlantic Packaging Company*

*Appendix SS: The British Canadian Trade Association*

*Appendix TT: The Canadian Gas Association*

*Appendix UU: Intermarkets Ltd.*

*Appendix VV: P. Frederic Jackson*

*Appendix WW: Polymer Corporation Ltd.*

*Appendix XX: Retail Council of Canada*

*Appendix YY: The Rubber Association of Canada*

*Appendix ZZ: Vancouver Board of Trade*

At 12:13 p.m. the Committee adjourned to the call of the Chair.

mémoires des organismes qui n'ont pas pu paraître devant le Comité, i.e.

*Appendice QQ: Apparel Manufacturers Council of Canada*

*Appendice RR: Atlantic Packaging Company*

*Appendice SS: The British Canadian Trade Association*

*Appendice TT: The Canadian Gas Association*

*Appendice UU: Intermarkets Ltd.*

*Appendice VV: P. Frederic Jackson*

*Appendice WW: Polymer Corporation Ltd.*

*Appendice XX: Retail Council of Canada*

*Appendice YY: The Rubber Association of Canada*

*Appendice ZZ: Le Board of Trade de Vancouver*

Le Comité s'ajourne à 12 h. 13 de l'après-midi jusqu'à la prochaine convocation.

*La secrétaire du Comité,*

Dorothy F. Ballantine,

*Clerk of the Committee.*



[Text]

## EVIDENCE

(Recorded by Electronic Apparatus)

Thursday, December 5, 1968.

● 0945

**The Chairman:** Gentlemen, last night when we adjourned until this morning, Mr. Gillespie was asking questions of Mr. Rod Grey. I understand too that Mr. Lambert had some questions to ask on general comments made by Mr. Rod Grey or other government officials. I will recognize Mr. Gillespie, followed by Mr. Lambert.

**Mr. Gillespie:** Mr. Chairman, I gave notice of a question to Mr. Grey last night. It had to do with this question of compensatory arrangements, on the one hand, between an exporter and an importer where the exporter has given a guarantee that he would pay the dumping duties, if any, to an importer. I refer to this clause 33 which states that there are joint and several liabilities for dumping duties:

(a) by the person who was the owner of the goods at the time of the entry thereof,

... which could be an exporter and ...

(b) by the importer of the goods,

It seems to be inconsistent that in one clause of the proposed Bill we should require joint and several liabilities on the part of the exporter and the importer and yet in another part of the proposed Bill say that such an arrangement would be a compensatory arrangement. I wonder if Mr. Arthur could speak to this point.

**The Chairman:** We have with us this morning Mr. C. D. Arthur of the Department of Finance and Mr. A. R. Hind, from the Department of National Revenue.

**Mr. C. D. Arthur (International Economic Relations Division, Department of Finance):** Mr. Grey undertook last evening to consult our legal advisers. He is so doing and I wonder if Mr. Gillespie would agree to a delay in a response to this question until Mr. Grey arrives, which he will do shortly.

**The Chairman:** Agreed, Mr. Gillespie?

**Mr. Gillespie:** Agreed.

[Interpretation]

## TÉMOIGNAGES

(Enregistrement électronique)

Le jeudi 5 décembre 1968.

[Interprétation]

**Le président:** Messieurs, lorsque nous avons ajourné la séance hier soir, M. Gillespie était en train de poser des questions à M. Rod Grey. Je sais que M. Lambert avait aussi quelques questions à poser au sujet de certaines observations générales faites par M. Rod Grey ou par d'autres représentants du gouvernement. Je vais donc donner la parole à M. Gillespie, puis à M. Lambert.

**M. Gillespie:** Monsieur le président, j'ai dit hier soir que j'allais poser une question à M. Grey. Elle porte sur cette affaire de dispositions compensatoires entre un exportateur et un importateur, où l'exportateur garantit qu'il paiera les droits de dumping, s'il y a lieu. Je veux parler de l'article 33, qui stipule que les droits de dumping incombent solidairement aux deux parties.

a) par la personne qui était le propriétaire des marchandises à la date de leur entrée.

—lequel pourrait être un exportateur—et

b) par l'importateur des marchandises,

Il me semble incohérent d'exiger, dans un article du projet de loi, une responsabilité solidaire de l'exportateur et de l'importateur, puis de dire, dans une autre partie de ce projet de loi, que cette disposition constituerait une compensation. Je me demande si M. Arthur pourrait nous expliquer cela.

**Le président:** Nous avons parmi nous ce matin M. C. D. Arthur, du ministère des Finances, et M. A. R. Hind, du ministère du Revenu national.

**M. C. D. Arthur (Division des relations économiques internationales, ministère des Finances):** M. Grey a décidé hier soir de consulter nos avocats-conseils, et c'est ce qu'il fait en ce moment. Si M. Gillespie le veut bien, nous laisserons la réponse à sa question jusqu'à l'arrivée de M. Grey, qui ne devrait pas tarder.

**Le président:** Êtes-vous d'accord, monsieur Gillespie?

**M. Gillespie:** D'accord.

[Text]

**Mr. Lambert (Edmonton West):** The point that I want to raise is the result of a letter from Mr. Cheesman of Canadian Westinghouse Co. Ltd. dated November 27, which I do not believe would appear as part of the evidence...

**The Chairman:** Just a moment, Mr. Lambert. Yes, it does appear because there was a motion.

**Mr. Lambert (Edmonton West):** Fine, I do not have to identify it any further. I think Mr. Cheesman has elaborated on the point that I raised during the Committee hearings when the electrical manufacturers were here, which was to see whether there is some way, either through the legislation—I confess I think there might be some difficulty about this—or in our own report, Mr. Chairman, whereby we would strengthen the hand of the Department of National Revenue and of the Tribunal by either giving them the statutory power to enquire or that they negotiate some arrangement with firms like Ontario Hydro, Quebec Hydro, the Manitoba Hydro-Electric Board and other like bodies, the Canadian National Railways, bodies which make major purchases of long-lead items and for which in the past it has been impossible to ascertain whether there was any dumping.

Representations have been made to us that there has been at times extensive dumping, but that it was only possible to establish this with the entry of the goods into the country.

This, of course, has left several of our manufacturers in a very difficult position, and I think that somehow the action must be initiated at the time of the tender, at the acceptance of a tender, or the consideration of tenders.

• 0950

I have been casting about in my mind for the best way. I think the officials appreciate the problem and they may have some suggestions. However, whether they feel that there is sufficient power already in the proposed Bill to authorize the Tribunal to make these enquiries or negotiate these arrangements, or whether there has to be some, shall we say, statutory prop for this type of enquiry, I do not know.

Perhaps it would be in order to, shall we say, compel these bodies to disclose information to the Department of National Revenue.

**The Chairman:** Do you care to comment Mr. Grey or Mr. Hind?

[Interpretation]

**M. Lambert (Edmonton-Ouest):** Le point que je voudrais soulever découle de ce que M. Cheesman, de la *Canadian Westinghouse Co. Ltd.*, a écrit dans sa lettre du 27 novembre, qui, je pense, ne fait pas partie des témoignages...

**Le président:** Une minute, monsieur Lambert. Si, la lettre en fait partie, car on a fait une proposition à cet effet.

**M. Lambert (Edmonton-Ouest):** Donc, je n'ai pas besoin de l'identifier mieux que cela. Je crois que M. Cheesman a donné les détails sur la question que j'avais soulevée pendant les séances du Comité lorsque les fabricants d'appareils électriques étaient parmi nous. Il s'agissait de savoir s'il serait possible, soit dans la loi (mais je sais que cela pourrait poser des difficultés,) soit dans notre propre rapport, monsieur le président, de renforcer la position du ministère du Revenu national et du Tribunal, soit en leur donnant le pouvoir statutaire de faire enquête, soit en leur permettant de conclure un accord avec l'Hydro-Ontario, l'Hydro-Québec, l'Hydro-Manitoba, le National-Canadien, et autres organismes du même ordre, qui font des achats à longue échéance et pour lesquels il a été impossible, dans le passé, de s'assurer s'il y avait dumping ou non.

On s'est plaint auprès de nous qu'il y avait eu parfois un dumping considérable, mais qu'il était seulement possible de s'en assurer lors de l'entrée des marchandises dans le pays. Cela a, bien sûr, placé plusieurs de nos fabricants dans une situation très difficile. Je pense que l'on devrait agir au moment de l'offre, au moment de l'acceptation ou de l'étude des soumissions.

Je me suis demandé quelle serait la meilleure façon de procéder. Je pense que les hauts fonctionnaires comprennent le problème, et ils auraient peut-être des solutions à proposer.

Toutefois, je ne sais pas s'ils considèrent que le projet de loi accorde au Tribunal des pouvoirs suffisants pour qu'il puisse se livrer à ces enquêtes ou conclure ces accords, ou s'il faudrait que la loi donne, disons, un soutien supplémentaire pour ce genre d'enquêtes? Peut-être serait-il bon, par exemple, d'obliger ces organismes à fournir les renseignements voulus au ministère du Revenu national.

**Le président:** Avez-vous quelque chose à dire à ce sujet, monsieur Grey, ou vous, monsieur Hind?



[Texte]

**Mr. R. Y. Grey (Assistant Deputy Minister, Department of Finance):** Mr. Chairman, in the discussions which took place with representatives of such producer groups as those who manufacture heavy electrical machinery, the sort of products you are talking about, Mr. Lambert, this point was made.

I must say that the business people we talked to were often able to produce very detailed information about the prices at which their competitors in other countries had offered goods to public utilities in Canada, and the prices at which they were being sold in the home market of the country of export and sold for export to other destinations. There did not seem to be a shortage or lack of information.

What seemed to be the principal difficulty was the fact that the present legislation is written in terms of dumping being something that takes place at the time of import. It seemed to some of us that there was much merit in their argument that the real injury occurs at the point that a public utility, for example, accepts a contract for goods which may be delivered two or three years hence.

The injury occurs then and the whole draft bill is really constructed on the basis that the dumping occurs when a transaction is completed in a formal sense—a contract entered into, an agreement for sale is entered into—at a price which represents dumping.

Obviously the duty cannot be levied until the goods are imported, but I think it is fair that the whole system in the proposed Bill for this sort of product involves the notion that a complaint can be entertained by the Deputy Minister of National Revenue that dumping has taken place; that is, a sale has taken place at what constitutes a dump price. The Deputy Minister of National Revenue can enquire as to whether or not that is a transaction at a dumping price, he can make a preliminary determination.

There would be no need to take such goods subject to provisional entry because presumably they are not going to be imported until long after the enquiry is completed. The Tribunal would then find that injury has occurred and that the goods when imported would then be subject to the dumping duty. That is really quite different than the present system.

I know that I am going somewhat away from your question, Mr. Lambert, but in these discussions that we had with a variety of producers who complained of this particular difficulty in the present legislation, they did not appear to attach much importance to the absence of information. It was the legal difficulty in the present legislation.

[Interprétation]

**M. R. Y. Grey (sous-ministre adjoint, ministère des Finances):** Monsieur le président, lors des débats avec les représentants des groupes de producteurs qui fabriquent du matériel électrique lourd comme celui dont vous parlez, monsieur Lambert, on a soulevé ce point. Je dois dire que les hommes d'affaires auxquels nous avons parlé ont souvent pu nous donner des renseignements très détaillés au sujet des prix auxquels leurs concurrents des autres pays avaient offert des biens aux services publics du Canada, ainsi que des prix auxquels ces biens se vendaient sur le marché intérieur du pays exportateur ou à l'exportation vers d'autres pays. Ils disposaient de tous les renseignements voulus.

Ce qui semblait la plus grande difficulté, c'était que la loi actuelle est rédigée en considérant que le dumping est une chose qui se produit au moment de l'importation.

Il nous semble qu'ils avaient raison d'affirmer que le préjudice réel se produit au moment où un service public, par exemple, accepte un contrat pour des produits qui seront peut-être livrés deux ou trois ans plus tard. Le préjudice se produit à ce moment-là, alors que tout le projet de loi est conçu en considérant que le dumping a lieu dès qu'une transaction est terminée officiellement, dès qu'un contrat de vente est signé, à un prix trop bas.

Évidemment, on ne peut percevoir de droit avant que les marchandises ne soient importées, mais je pense qu'il est juste que, pour ce qui est de ce genre de produits, le projet de loi permette au sous-ministre du Revenu national de considérer une plainte de dumping consistant dans le fait qu'une vente a eu lieu à un prix trop bas. Le sous-ministre du Revenu national peut alors faire enquête pour savoir si la transaction constitue vraiment un cas de dumping, et il peut prendre une décision préliminaire.

Il ne serait pas nécessaire de déclarer que ces marchandises ne peuvent entrer dans le pays qu'à certaines conditions, puisque l'enquête sera terminée bien avant qu'elles ne soient importées. Le Tribunal pourrait alors découvrir qu'il y a eu préjudice et que les marchandises doivent faire l'objet d'un droit de dumping au moment de l'importation. Cela est très différent du système actuel.

Je sais que je m'éloigne pas mal de votre question, M. Lambert, mais, lors des entretiens que nous avons eus avec divers producteurs qui se plaignaient de cette difficulté que pose la loi actuelle, ils ne semblaient pas attacher beaucoup d'importance au manque de renseignements. Ce qui les inquiétait, c'était le problème que pose la loi actuelle du point

## [Text]

There is, of course, a provision in the present legislation that if information is not made available then the Deputy Minister and the Tribunal can act on the basis of the information that is available.

I am not sure, Mr. Lambert, whether that is really going to be adequate. I think your point really has a great deal of weight. Whether it is possible to determine now whether those provisions in the draft Bill are adequate to meet the problem you have identified or whether we are going to have to have a more stringent power, I do not know.

**Mr. Lambert (Edmonton West):** Mr. Chairman, I recognize that this has to be studied, I think, at length from a legal point of view as to whether the Parliament of Canada, through its customs legislation, can force a public authority of provincial origin to make certain disclosures. I beg to defer to, shall we say, the idea that this has to have a long look. But it may be necessary.

• 0955

**The Chairman:** I am under the impression that Mr. Hind or Mr. Herb Gray have some comments to make on your statement, Mr. Lambert.

**Mr. Lambert (Edmonton West):** I think that Mr. Grey and I have perhaps a different conclusion. It seemed to me, from both the comments made at the witness table and those made to me privately by witnesses for the heavy electrical and equipment manufacturers that it was difficult to obtain this information, and that it was only, shall we say, via informal channels much later on when it was way too late that they did get the information when it would be of no material assistance to anyone.

It is right at the beginning that you must get it.

I think I have made the point. I would like to have both the Department of Finance officials and the Department of National Revenue officials consider this matter and, if necessary, we may have to bring forward an amendment within a year or something like that. However, it is definitely a problem and I think, if this proposed Bill is to be at all effective, prompt action must be taken and the Department of National Revenue and the Tribunal have the authority to move quickly.

**The Chairman:** Mr. Herb Gray?

**Mr. Gray:** Mr. Chairman, with respect to Mr. Lambert's very constructive suggestion, I am not attempting to speak officially at this

## [Interpretation]

de vue juridique. Il y a bien une disposition, dans la loi actuelle, qui prévoit que, si l'on ne donne pas les renseignements voulus, le sous-ministre et le Tribunal peuvent agir en se fondant sur les renseignements disponibles.

Je ne suis pas certain, M. Lambert, que cela sera suffisant. Je crois que votre observation est très importante. Je ne sais pas s'il est possible de déterminer dès maintenant si les dispositions du projet de loi sont suffisantes pour régler le problème dont vous avez parlé, ou si nous allons devoir accorder des pouvoirs plus grands.

**M. Lambert (Edmonton-Ouest):** Monsieur le président, je sais qu'il va falloir étudier cette question en détail du point de vue juridique pour savoir si le Parlement du Canada, à le droit, aux termes de sa loi sur les douanes, d'obliger des organismes publics provinciaux à révéler certains renseignements. C'est un problème qu'il faudrait étudier longuement, mais il serait peut-être nécessaire de le faire.

**Le président:** Je pense que M. Hind ou M. Herb Gray ont quelque chose à ajouter à ce sujet, monsieur Lambert.

**M. Lambert (Edmonton-Ouest):** Je pense que M. Grey et moi-même en sommes peut-être venus à une conclusion différente. Il me semblait, d'après les observations qu'avaient faites les représentants des fabricants de matériel électrique lourd devant le Comité ou à moi-même qu'il était très difficile d'obtenir ces renseignements, et que ce n'était que longtemps après, lorsqu'il était trop tard pour faire quoi que ce soit, qu'ils arrivaient, par des voies officieuses, à obtenir ces renseignements, qui n'avaient alors plus aucune utilité. C'est dès le début qu'il faudrait les obtenir.

Je crois que je me suis bien fait comprendre. J'aimerais que les fonctionnaires du ministère des Finances et ceux du ministère du Revenu national étudient cette question et, s'il y a lieu, il faudrait peut-être que nous proposons une modification d'ici environ un an.

En tout cas, c'est un problème indéniable, et, si nous voulons que le projet de loi serve à quelque chose, il faut prendre des mesures rapidement—et le ministère du Revenu national et le Tribunal ont l'autorité nécessaire pour cela.

**Le président:** Monsieur Herb Gray?

**M. Gray:** Monsieur le président, pour ce qui est de la proposition très utile de M. Lambert, je ne parle pas de façon officielle,



## [Texte]

point in any way but I would like to draw the attention of the Committee to clause 34 which may provide a solution to this problem. Clause 34 reads:

(1) Where, in the opinion of the Deputy Minister,

(a) any goods have been or are being dumped, or

...and it is (b) that I want to direct the attention of the Committee to...

(b) the export price of any goods, as determined under subsection (1) of section 10, is unreliable for any one of the reasons specified in paragraph (b) of subsection (2) of section 10, the Deputy Minister may, at any time, request that on or before such date as he may specify the manufacturer or producer, the vendor, the exporter or the importer of the goods submit to him a statement, attested under oath in prescribed form,

...and so on. If it is not done some consequences may follow.

Clause 10 refers to the determination of the export price of goods, which is something, I presume, the Deputy Minister will have to look at, even at the earliest stage, to form an opinion whether to carry on an investigation.

I am not suggesting that this is necessarily broad enough to cover the situation referred to by Mr. Lambert. It may, under the circumstances set forth in clause 34 and clause 10, provide a partial answer at this stage. I just bring this to the attention of the Committee. As I say, I think Mr. Lambert's suggestion that it should be looked into further and be made the subject of further study with a view, if necessary, of providing additional amendments after a year or so of experience is a sound one. I just wanted to bring this to the attention of the Committee because although I may be wrong on this, it may provide at least a partial answer even at the initial stage.

**Mr. Lambert (Edmonton West):** Mr. Chairman, with all due deference to Mr. Gray, I do not think so. This is really where the Deputy Minister of National Revenue feels that the information on the invoices has been faked, or that there is some form of misrepresentation. There is nothing under oath there.

This is to strengthen his hand in order to bring people up against the reality that they are having now to provide information under oath which, if proved to be wrong, would lay them open to a charge of perjury, which is, of course, an entirely different kettle of fish.

## [Interprétation]

mais j'aimerais attirer l'attention du Comité sur l'article 34, qui pourrait fournir une solution à ce problème. On y dit:

(1) Lorsque, de l'avis du sous-ministre,

a) des marchandises ont été ou sont sous-évaluées, ou

...et c'est sur l'alinéa b) que je veux attirer l'attention du Comité...

b) le prix à l'exportation de marchandises, tel que fixé en vertu du paragraphe (1) de l'article 10, est sujet à caution pour l'une quelconque des raisons précisées à l'alinéa b) du paragraphe (2) de l'article 10, le sous-ministre peut, à tout moment, demander qu'au plus tard à la date qu'il peut fixer, le fabricant ou le producteur, le vendeur, l'exportateur, ou l'importateur des marchandises lui produise un état, établi sous serment en la forme prescrite,

et ainsi de suite. Si cela n'est pas fait, il peut y avoir des répercussions.

On parle, à l'article 10, de la détermination du prix des marchandises à l'exportation, que, je suppose, le sous-ministre devra étudier dès le début pour décider s'il faut faire enquête.

Je ne dis pas que cet article est assez vaste pour couvrir la situation dont M. Lambert a parlé, mais je pense que l'article 34 et l'article 10 donnent une réponse partielle à la question pour le moment. Je sou mets cela au Comité.

Lorsque M. Lambert a dit qu'on doit étudier la question plus à fond afin de pouvoir, au besoin, ajouter certaines modifications après l'expérience d'un an ou deux, j'estime qu'il a entièrement raison. Je voulais simplement faire remarquer au Comité que cet article 34 donne peut-être une réponse partielle au problème.

**M. Lambert (Edmonton-Ouest):** Monsieur le président, sans vouloir manquer de respect à M. Gray, je pense qu'il a tort. Car c'est justement là que le sous-ministre du Revenu national estime que les renseignements donnés sur les factures sont falsifiés. Il n'y a pas de serment pour le moment.

Cet article a pour but de prêter main forte au sous-ministre en faisant comprendre aux gens qu'ils doivent maintenant fournir les renseignements sous serment, et que, s'ils font une fausse déclaration, ils pourront être accusés de parjure—ce qui est, bien sûr, une autre histoire.

[Text]

**Mr. Gray:** I do not think it is quite that limited but at the same time, since I am personally in sympathy with the point of view underlying Mr. Lambert's comments, I do not want to press it further beyond saying what I have said already and agreeing that this is worthwhile being the subject of further work when we have some experience of operation under the proposed statute.

**The Chairman:** Mr. Rod Grey, have you any other comments?

**Mr. R. Y. Grey:** These are two minor points, Mr. Chairman.

**The Chairman:** On the same question?

**Mr. R. Y. Grey:** On the same question. I think Mr. Lambert is dealing with the question of where there is no invoice, but the goods have been dumped. A firm contract has been entered into. That is the situation. I would like to make it plain because this point has been raised with the Department by quite a number of people. In clause 34(1) the phrase "goods have been dumped" appears. Dumping is defined in this proposed bill as a sale at a dump price, and the dumping may occur in the case of the goods that Mr. Lambert is referring to, two years before the annual import.

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If the bill was not constructed on that principle, it would be possible for very substantial injury to, in fact, occur and yet for no action to be possible. That is why we have given some care to being sure that dumping is defined as a sale at a dump price.

Clearly the duty cannot be levied until the goods are actually imported, because it would always be open to someone who had made a sale at a dump price to dispose of the goods in some other market, not to export them to Canada. It is always a recourse to someone who is dumping goods as defined in this proposed statute; that recourse is always open to him. "Have been dumped" obviously covers products that have not yet been imported.

**Mr. Roberts:** Perhaps this is a point that has already been covered Mr. Chairman, in which case I will wait until I can read the transcript when it appears. I wondered if Mr. Grey had any comment on a point that was raised by The Canadian Federation of Agriculture brief referring to clause 9 sub-clause (3)(b) in which they suggested that in subparagraph (ii) the words:

or if because of the particular market situation, such sales do not permit a proper comparison.

[Interpretation]

**M. Gray:** Je ne pense pas que ce soit si limité, mais, étant donné que je partage le point de vue de M. Lambert, je me contenterai de répéter qu'il faudrait étudier cette question plus à fond, lorsque nous aurons eu quelque expérience de l'application du projet de loi.

**Le président:** Monsieur Rod Grey, est-ce que vous avez d'autres observations à faire?

**M. R. Y. Grey:** Seulement deux points de détail, monsieur le président.

**Le président:** Sur la même question?

**M. R. Y. Grey:** Oui. Je pense que M. Lambert veut parler des cas où il n'y a pas de factures, mais où il y a eu dumping, et où un contrat définitif a été signé.

Voici la situation. J'aimerais rendre cela bien clair, car cette question a été posée au ministère par un grand nombre de personnes. Au paragraphe (1) de l'article 34, on trouve l'expression «des marchandises ont été sous-évaluées». On définit le dumping, dans ce projet de loi, comme étant une vente à un prix sous-évalué, et il peut se produire, dans le cas des marchandises dont parle M. Lambert, deux ans avant l'importation même.

Si le bill n'était pas ainsi rédigé, il pourrait y avoir véritable préjudice, et il n'y aurait pas moyen de prendre des sanctions. C'est pourquoi nous nous sommes assurés que le dumping est bien une vente à un prix trop bas. Il est clair que le droit ne peut être prélevé tant que les marchandises ne sont pas importées, parce que la personne qui a fait une vente à un prix de dumping pourrait écouler les marchandises sur un autre marché. C'est un moyen auquel peut toujours recourir une personne qui pratique le dumping, tel qu'il est défini dans le projet de loi. Il est évident que l'expression «ont fait l'objet de dumping» s'applique aux produits qui ne sont pas encore importés.

**M. Roberts:** C'est un point qui a probablement été discuté, monsieur le président, alors j'attendrai de lire le compte rendu.

Je me demande si M. Grey a quelque chose à dire au sujet d'une question soulevée à l'alinéa b) du paragraphe (3) de l'article 9 du mémoire de la Fédération canadienne de l'agriculture, dans lequel on suggère d'ajouter ce qui suit au sous-alinéa (ii):

ou du fait de la situation particulière du marché, de telles ventes ne permettent pas une comparaison valable.



[*Texte*]

should be added. This is clause 9, subclause (3), which is on page 50 of the White Paper.

**Mr. Lambert (Edmonton West):** May I ask if this makes reference to the draft Bill, because if you refer to the proposed amendments there is a whole new case.

**Mr. Roberts:** If you look at the proposed amendments it would be on page 2, and then it would be clause 9, subclause (5), paragraph (b), subparagraph (ii). The lefthand column reads:

Where normal value cannot be determined under subsection (1).

The purpose of the insertion was—again if we come back to the vegetable problem—to give more flexibility in the assessment of normal value, particularly in cases where there were regional disparities in prices in vegetable and fruit products. If you have the Canadian Federation of Agriculture brief it is on page 5, paragraph 11.

**Mr. R. Y. Grey:** Mr. Chairman, I have two worries about this proposal by the Canadian Federation of Agriculture. One is that the use of a phrase such as “particular market situation” is really so vague, the use of such language in a statute conveys a very broad discretionary power on officials.

Throughout this statute we have tried to make it plain when there is a discretionary power and to use rather precise words of law to the extent that the rather untractable nature of this problem allows us to, rather than to build in a discretion by the use of vague language. Those words really would convey a very substantial discretion.

• 1005

Second, to the extent that what the Canadian Federation of Agriculture is talking about here is an end-of-season problem, in part it is a problem that may be dealt with in the Regulations under clause 9. You will notice in the Regulations that were tabled in draft form before this Committee we talked about the price during a period of days immediately preceding the sale in question.

We have not yet determined, as far as the draftsmen are concerned, what would be an appropriate number of days, but it will be appreciated that the longer that period the more there is a lag built in which in part deals with sharp variations from day to day, and particularly seasonal declines in prices.

Now, to what extent that is desirable, given that other countries as far as we can determine do use transactions in a very short peri-

[*Interprétation*]

C'est le paragraphe (3) de l'article 9, à la page 50 du Livre blanc.

**M. Lambert (Edmonton-Ouest):** S'agit-il du projet de loi? Car si vous parlez des modifications proposées, il y a un article entier.

**M. Roberts:** Dans les modifications proposées, c'est à la page 3, et cela devindrait l'article 9(5)b)(ii). A droite, on peut lire en marge:

Lorsque la valeur normale ne peut être déterminée en vertu du paragraphe (1).

On a inséré ce paragraphe, si vous revenez au problème relatif aux légumes, par exemple, pour faciliter l'appréciation de la valeur normale, surtout lorsqu'il y a des écarts dans le prix des légumes et des fruits, dans les régions. Dans le mémoire de la Fédération canadienne de l'agriculture, c'est à la page 6, au paragraphe 11.

**M. R. Y. Grey:** Deux choses m'inquiètent au sujet de la proposition de la Fédération canadienne de l'agriculture. Premièrement, «la situation particulière du marché», à mon avis, est une expression si vague que, dans la loi, elle accorderait trop de pouvoir discrétionnaire aux fonctionnaires. Dans la loi, nous essayons d'expliquer ce pouvoir et d'employer des termes aussi précis que nous le permet la nature du problème, au lieu d'utiliser des termes vagues. Cette expression, à mon avis, accorde un pouvoir discrétionnaire considérable.

Deuxièmement, si le problème dont parle la Fédération en est un de fin de saison, il peut, en partie, être étudié dans les règlements mentionnés à l'article 9. Vous verrez que dans le projet de règlement déposé, nous avons parlé du prix pendant une certaine période précédant la vente en question.

Nous n'avons pas encore déterminé ce qui serait le bon nombre de jours, mais plus la période sera longue, plus il y aura de retard qui, en partie, s'applique aux variations d'un jour à l'autre et aux baisses saisonnières des prix. Dans quelle mesure cela est-il souhaitable comme base de comparaison, étant donné que d'autres pays, du moins si nous pouvons en juger, font des transactions dans un temps

[Text]

od of time immediately preceding the sale for export as the basis on which to make a comparison.

Again the longer the period the greater the lag is in the opposite direction in a period of rising prices. There is a difficult economic problem here. But that blank in the Regulations does relate very specifically to the problem raised by the Canadian Federation of Agriculture. Thank you, Mr. Chairman.

**Mr. Roberts:** I was just going to ask, perhaps it is facetious, whether "particular" is more vague a word than "serious".

**Mr. R. Y. Grey:** I presume that is a rhetorical question, Mr. Chairman.

**The Chairman:** Mr. Grey, I understand last night that our Vice-Chairman, Mr. Gillespie, asked you a question. He directed that question this morning to Mr. Arthur, and Mr. Arthur told him that you were seeking legal advice and you would be able to answer Mr. Gillespie's question.

**Mr. R. Y. Grey:** Mr. Chairman, as I understand Mr. Gillespie's question it is the problem raised as to whether in clause 33 (1) (a) we are making the exporter in certain circumstances liable for the dumping duty if one is levied.

Amongst the amendments that were circulated yesterday we have endeavoured to make clear that if the exporter reimburses the importer for the anti-dumping duty, that is a compensatory arrangement which affects the export price.

That proposed amendment is really intended to make clear that the present practice which precludes the reimbursing of the importer by the exporter is the practice intended to be followed. That is, in economic terms, an additional margin of dumping.

I have been unable to consult the appropriate legal adviser on this particular point. I wonder if Mr. Gillespie would be prepared to leave it with us to make sure—he has a real point here—that in the version of the Bill that appears in another place we have dealt with this problem. There is a real problem here and I quite accept the point. How we should rewrite paragraph (a) I am not quite sure.

**Mr. Gillespie:** I am be prepared to wait for an answer.

**The Chairman:** Mr. Gillespie says he is prepared to wait for your answer.

[Interpretation]

très court qui précède immédiatement la vente pour l'exportation.

Encore une fois, plus cette période de temps est longue, plus il y a de retard et plus les prix augmentent. C'est donc un problème économique difficile. Mais dans le règlement, on parle de façon précise du problème soulevé par la Fédération canadienne de l'agriculture.

**M. Roberts:** J'allais justement demander si le mot «particulier» est plus vague que «sérieux».

**M. R. Y. Grey:** Je suppose que c'est une question de rhétorique.

**Le président:** Monsieur Grey, si j'ai bien compris, hier soir, le vice-président, M. Gillespie, vous a posé une question. Il en a reparlé ce matin. Il s'est adressé à M. Arthur. M. Arthur lui a dit que vous demandiez des conseils juridiques et que vous pourriez répondre à la question de M. Gillespie.

**M. R. Y. Grey:** Monsieur le président, si je comprends la question de M. Gillespie, il s'agit du problème de savoir si dans l'article 33 (1) a), nous rendons parfois l'exportateur responsable du droit de dumping prélevé. Dans les modifications distribuées hier, nous avons tâché d'établir clairement que si l'exportateur rembourse à l'importateur le droit antidumping, c'est une entente compensatoire qui modifie le prix d'exportation.

La modification proposée dit clairement que la pratique actuelle, qui écarte le remboursement de l'importateur par l'exportateur, est celle qu'on entend suivre. En termes économiques, c'est une marge de dumping supplémentaire.

Je n'ai pu encore consulter le conseiller juridique compétent à ce sujet. Je ne sais pas si M. Gillespie veut bien nous laisser le soin de nous assurer si sa question, qui soulève un point important, a été traitée à un autre endroit dans le Bill. Cela présente une réelle difficulté. Je ne sais pas exactement comment il faudrait rédiger de nouveau l'alinéa a).

**M. Gillespie:** Je peux attendre.

**Le président:** M. Gillespie dit qu'il est prêt à attendre votre réponse.



[Texte]

• 1010

**Mr. Danson:** Mr. Chairman, one of the points that has been brought to my attention—I think it came up in the brief of the textile group—is in relation to clause 10, subclause (2)(b)(ii) on page 54 which states:

by reason of a compensatory arrangement affecting the price of the goods...

The evidence I believe at that time—certainly it has been brought to my attention subsequently—was that “affecting the price” is too restrictive. In other words if an importer purchased something at \$1,000 and the transaction was completed at \$1,000 but subsequently the exporter gave a credit for more goods or sent a cheque for \$200 this does, in effect, in the strictest legal sense not affect the price. The suggestion was that instead of the words “affecting the price” that it be relating to the sale, in effect it is dumping. It is a legal fine point and I wondered what the opinions of the officials were on this?

**Mr. R. Y. Grey:** Mr. Chairman, this point I believe was made by one of the witnesses representing a producer group that appeared before this Committee.

Our first reaction when we sought additional legal advice was that the words we have in this draft Bill were sufficiently broad to catch the sort of transaction Mr. Danson has identified.

On the other hand there is no reason why we should not use, on this point, relatively broad language, because there is no limit to human ingenuity in arranging compensatory transactions.

The position we have arrived at this morning is that even the words “relating to the sale” may not be broad enough. I think in the version of the Bill that may appear in another place we will endeavour to find words that do take account of the point that Mr. Danson has raised, and which were raised by the Canadian Textiles Institute to be sure that there is no type of compensatory arrangement that really does affect the net cost of the importer of the goods which escapes this net.

I think it is the intention here that it should not be possible to arrange some other kind of transaction that really does constitute dumping, and yet just because the words were too narrow would escape. So I think that we take your point, Mr. Danson. As to whether the words “relating to the sale”, which is one draft phrase that has been proposed, and I gather this has been considered by certain distinguished legal counsel,

[Interprétation]

**M. Danson:** Dans le mémoire de l'Association des textiles, au sujet de l'article 10, paragraphe (2), b), (ii), page 54, on parle:

d'arrangements de compensation touchant le prix des marchandises...

Selon les témoignages, l'expression «touchant le prix» est trop restrictive. Si l'importateur achète des marchandises d'une valeur de \$1,000, que la transaction s'effectue pour la valeur de \$1,000, mais que l'exportateur, par la suite, donne un crédit pour une plus grande quantité de marchandises, ou envoie un chèque de \$200, cela, en fait, au sens le plus étroit du mot, ne touche pas le prix. On a proposé de remplacer l'expression «touchant le prix» par «au sujet de la vente». C'est du dumping et je me demande quelle est l'opinion des fonctionnaires là-dessus.

**M. R. Y. Grey:** Monsieur le président, je pense que la question a été mentionnée par un témoin représentant un groupe de producteurs qui a comparu devant le Comité.

Notre première réaction, après avoir demandé conseil, était que le libellé de ce projet de loi est assez général pour englober le genre de transactions mentionnées par M. Danson.

D'autre part, je ne vois pas pourquoi nous n'aurions pas de termes plus larges ou plus vagues, car il n'y a pas de méthodes précises pour ces arrangements de compensation.

Ce matin, nous en sommes arrivés à croire que même les mots «au sujet de la vente» ne sont pas assez généraux. Et dans la version du projet de loi, je pense qu'il faut tenir compte de la proposition de M. Danson et de la question posée par l'Association canadienne des textiles, pour être sûrs qu'il n'y aura pas d'arrangements de compensation qui modifient le prix net des marchandises.

Il ne devrait pas être possible d'avoir d'autres transactions qui causent vraiment du dumping, et ces mots sont peut-être trop précis. Je pense que les mots «au sujet de la vente», que des juristes ont étudiés, je crois, sont assez généraux, mais je n'en suis pas sûr. C'est pourquoi je ne suis pas tout à fait d'accord avec vous.

[Text]

are broad enough I am not sure. It is because of that point that I am not prepared to agree with you as yet.

**Mr. Danson:** No, but the point is made. Thank you very much, Mr. Grey.

**The Chairman:** Mr. Grey would you introduce the gentleman next to Mr. Arthur?

**Mr. R. Y. Grey:** I am sorry Mr. Chairman, he is Mr. Calof, the solicitor with the Treasury Board.

**Mr. Lambert (Edmonton West):** May I make a comment on this particular point? I think the courts would come to the conclusion that any type of arrangement devised by ingenuity is said to affect the price—as it says in the legislation.

For instance, you could take an international firm that has, shall we say, a question of management fee claims upon its subsidiary here in Canada and that therefore by a waiver of these, or an abatement of management fees, or the bookkeeping is carried on at some distance from Canadian shores, that this is an arrangement which affects the price.

If you give this a broad meaning, or even add the phrase “affecting the price of the goods” or “related to the sale” you might catch everything in the basket.

**Mr. Danson:** Mr. Chairman, that was my reaction too. I would have taken the same interpretation as Mr. Lambert, but I understand the strict legal interpretation would not permit that.

**Le président:** Avez-vous d'autres commentaires, messieurs, sur l'ensemble du projet de loi que nous avons devant nous.

Yes, Mr. Gray?

**Mr. Gray:** This may not be the appropriate time to do this, but I believe that Mr. R. Y. Grey, in consultation with Mr. Calof, may have some wording to bring to our attention with regard to two comments that were made yesterday. Perhaps if Mr. Grey and Mr. Calof are ready, they might proceed. Perhaps we might just pause for a moment until the consultation has been completed as it may expedite our consideration later on this morning.

**The Chairman:** Mr. Trudel?

• 1015

**M. Trudel:** Monsieur le président, puis-je dire un mot, pendant que les aviseurs légaux, se consultent. Lorsque M. Lambert dit: *related to the sale*, c'est ce qu'il a dit, n'est-ce

[Interpretation]

**M. Danson:** Eh bien, j'ai pu dire ce que j'avais à dire. Merci beaucoup, monsieur Grey.

**Le président:** Monsieur Grey, veuillez nous présenter le monsieur assis près de M. Arthur.

**M. R. Y. Grey:** Il s'agit de M. Calof, chef du contentieux du Conseil du Trésor.

**M. Lambert (Edmonton-Ouest):** Je voudrais faire un commentaire sur ce point. Je crois que les tribunaux concluraient que tout arrangement ingénieux touche le prix, comme on le dit dans la loi. Par exemple, des entreprises internationales peuvent réclamer des frais d'administration à leurs filiales canadiennes, mais le fait de renoncer à ces réclamations, ou de réduire les frais, ou le fait que la comptabilité est faite loin d'ici, constitue un arrangement qui touche le prix. Si on donne à cela un sens large, ou même si on ajoute «touchant le prix des marchandises» ou «au sujet de la vente», on peut peut-être tout attraper d'un seul coup.

**M. Danson:** C'est ce que je crois aussi. J'accepterais l'interprétation de M. Lambert, mais je crois que l'interprétation stricte de la loi ne le permet pas.

**The Chairman:** Any other general comments on the bill before us?

Oui, monsieur Gray.

**M. Gray:** Ce n'est peut-être pas le moment opportun, mais MM. Grey et Calof ont peut-être un libellé à proposer au sujet des deux commentaires qui ont été faits hier. S'ils sont prêts à le faire, ils pourraient peut-être commencer. On pourrait attendre quelques minutes, qu'ils aient fini de se consulter. Cela nous permettrait éventuellement d'en finir avec notre examen ce matin.

**Le président:** Monsieur Trudel?

**Mr. Trudel:** While the legal advisers are talking, when you said “related to the sale”, does this include arrangements which would not appear in the contract of sale such as a



[Texte]

pas?) parle-t-il des arrangements, qui n'apparaîtraient pas à la vente, mais qui seraient directement impliqués, tel un voyage payé à un des acheteurs, ou autre chose? Ceci n'est pas directement relié, mais c'est un avantage qui est obtenu par le fait qu'une compagnie encourage ou a été encouragée. Est-ce que cela comprendrait à ce moment-là, le *compensatory arrangement*?

**Le président:** Est-ce qu'on peut vous considérer comme un témoin, monsieur Lambert?

**M. Lambert (Edmonton-Ouest):** Je dirais sans aucune hésitation, monsieur le président, qu'un tel arrangement, par exemple, un voyage payé au représentant de l'importateur serait interprété comme affectant le prix des marchandises. Pour ma part, tout geste posé peut affecter le prix et alors serait sujet à l'article de la loi.

**M. Trudel:** A ce moment-là, l'interprétation est assez large pour comprendre ces points mentionnés par M. Danson lui-même?

**M. Lambert (Edmonton-Ouest):** C'est là ma pauvre pensée d'avocat, oui.

**Le président:** Est-ce que monsieur Ron Grey est maintenant prêt à donner les renseignements demandés par M. Herb Gray?

**Mr. R. Y. Grey:** Mr. Chairman, one of the points raised was the question of providing that the rules made by the Tribunal should be laid before Parliament. We would suggest that the present clause 25 which is no. 14 appears on page 4 of the document containing the amendments, assuming for a minute that that version would be approved, that what now appears as clause 25 be called subclause 1 of clause 25 and that there be a subclause along the following lines:

Copies of all rules made pursuant to subsection 1 shall be laid before Parliament within 10 days after the opening of the session next after the making thereof.

**The Chairman:** Yes, Mr. Gillespie.

**Mr. Gillespie:** Would you repeat the wording please?

**Mr. R. Y. Grey:**

Copies of all rules made pursuant to subsection 1 shall be laid before Parliament within 10 days after the opening of the session next after the making thereof.

This is modelled on existing legislation. As for the other drafting exercise referred to by Mr. Herb Gray, we are not yet ready, Mr. Chairman.

[Interprétation]

trip paid to one of the buyers? It is not directly linked, but it is an advantage because one company might offer or accept it as an advantage.

**The Chairman:** Are you—what do you have to say Mr. Lambert?... Are you speaking as a witness Mr. Lambert?

**Mr. Lambert (Edmonton West):** I would say Mr. Chairman that such an arrangement as a prepaid trip or a trip paid for a representative would affect the cost of the products. In my opinion anything done can affect the price and therefore it should be to the Act.

**Mr. Trudel:** So the interpretation is broad enough to comprise all those points mentioned by Mr. Danson himself?

**Mr. Lambert (Edmonton West):** I think so! Yes!

**The Chairman:** I would like to know if Mr. Rod Grey is ready to give us some information on those two questions?

**M. R. Y. Grey:** Monsieur le président, on avait parlé, entre autres, des règlements énoncés par les tribunaux et qui devraient être déposés au Parlement. Nous suggérons que l'article 25 paraisse à la page 4 du document contenant les amendements, en admettant que soit approuvée la version qui figure sous le titre article 25 et qui serait appelée paragraphe 1 de l'article 25. Il y aurait un paragraphe conçu comme suit:

Des exemplaires des règlements établis conformément aux dispositions du paragraphe 1 devraient être déposés au Parlement au cours des dix premiers jours de la session consécutive à l'établissement desdits règlements.

**Le président:** Oui, monsieur Gillespie.

**M. Gillespie:** Pourriez-vous répéter, s'il vous plaît?

**M. R. Y. Grey:**

Des exemplaires des règlements établis conformément aux dispositions du paragraphe 1 devraient être déposés dans les dix premiers jours de la session consécutive à l'établissement desdits règlements.

Ce texte suit la loi actuelle. Pour ce qui est des autres avant-projets évoqués par M. Herb Gray, nous ne sommes pas encore prêts.

[Text]

**Mr. Danson:** Mr. Chairman, I wish to make a comment on the exchange between Mr. Lambert and Mr. Trudel. We have made some emphasis on this business of trips that are used as compensatory arrangement. I should just like to point out that I would assume that this is the object of the...

**The Chairman:** Are you commenting or just asking a question, either of Mr. Lambert or of Mr. Trudel, Mr. Danson?

**Mr. Danson:** It is in the nature of a comment, but I would appreciate...

**The Chairman:** I mean you are welcome, but if you are posing a question to somebody I would like you to indicate to whom your question is addressed.

**Mr. Danson:** Yes, sir, and I am sorry. No, it is in the nature of a comment.

We have to be a little careful and I assume this is why there is a Tribunal and the Tribunal has been given discretionary powers. It would not be correct for us to think or the public to think that all trips are compensatory arrangements would be incorrect.

There are many cases when these trips are very necessary for technical reasons and there are also times when they are part of a sales competition which is a part of a commercial enterprise.

I would assume that the Tribunal would use its discretion in ferreting out what is really compensatory arrangement and what is part of a necessary transaction, even though it might be trips to Europe which are enjoyable, but are not for purposes of pleasure alone.

• 1020

**Mr. Trudel:** Mr. Chairman, the point I was making was that I can well understand what Mr. Danson was suggesting.

The exporter who may wish to bring some of the buyers to a specific location where there are such establishments that he wants to visit the cost of which would not be reflected in the price.

I was thinking rather that after the sale has been made compensatory arrangements could be arrived at by either saying, "If you buy from our firm we will give you and your wife a trip to Tokyo", or something like that.

What brought this to my mind was when Mr. Lambert mentioned hydro projects and that possibly some of the buyers may be going to another country to visit some of the installations and this would not be a compensatory arrangement, in my mind, but it could well be in other areas.

[Interpretation]

**M. Danson:** Je voudrais faire un commentaire sur les contacts pris par M. Lambert et M. Trudel. Nous avons fait état avec une certaine insistance de cette affaire et déplacements qui entrent en jeu à titre de compensation. C'est là l'objet de...

**Le président:** Est-ce un commentaire ou une question que vous posez, à M. Lambert ou M. Trudel?

**M. Danson:** C'est un commentaire, mais j'aimerais...

**Le président:** A votre guise, mais si c'est une question, j'aimerais que vous précisiez à qui elle s'adresse.

**M. Danson:** Pardonnez-moi. C'est un commentaire. Il faut être prudent. Je suppose que c'est pour cela qu'il y a un tribunal, et le tribunal a beaucoup d'autorité. Il ne faut donc pas que nous pensions, ou que le public pense, que tous les voyages sont des compensations. Dans bien des cas, les voyages sont nécessaires pour des raisons techniques et parfois aussi, cela fait partie de la vente. C'est un aspect des entreprises commerciales. Je pense que le tribunal doit être capable de juger s'il s'agit de compensation ou de transactions. Même si les voyages en Europe sont toujours agréables, ce n'est pas toujours uniquement pour le tourisme.

**M. Trudel:** Monsieur le président, je comprends ce que M. Danson suggère. On voudrait que certains acheteurs puissent aller visiter certains établissements. Cela ne toucherait pas le prix, mais une fois la vente faite, des dispositions de compensation peuvent être prises. Par exemple, vous dites: si vous achetez chez nous, nous vous paierons un voyage à Tokyo pour vous et votre femme.

Ce qui m'a fait penser à cela, c'est le fait que M. Lambert ait parlé de projets hydrauliques. Certains acheteurs vont peut-être dans d'autres pays pour visiter des installations et ce ne serait donc pas une disposition de compensation dans ce cas, bien que ce puisse l'être dans d'autres.



[Texte]

**Mr. Danson:** No, it has its compensations, but it is not a compensatory arrangement.

**Mr. Trudel:** Directly related to the price.

**The Chairman:** Mr. Danson, I understand that Mr. Rod Grey would like to comment on your comments.

**Mr. R. Y. Grey:** Mr. Chairman, I do not think this is really a question for the Tribunal. It is a question really to be decided according to rules of law on appeal to the Tariff Board or the Exchequer Court of Canada.

Subclause 2 on page 54 provides that the export price shall be deemed to be certain very exact things.

When the Deputy Minister of the Department of National Revenue is of the opinion that there is a compensatory arrangement. Once he forms the opinion that there is a compensatory arrangement then these clauses of the law become operative, but those calculations and the calculation of the export price I would think, and I am not speaking subject to advice, are appealable to the Tariff Board. They are questions of fact and they are appealable to the Tariff Board.

I think it would be going much too far in a discretionary way to have the Deputy Minister determine what the export price is. He merely has to form the opinion that there is a compensatory arrangement and then calculate the export price on a different basis, but that calculation is subject to appeal.

**Mr. Danson:** Then that discretion is of the Deputy Minister in determining if these are, in fact, compensatory arrangements. Thank you.

**Mr. Gray:** Mr. Chairman, when the discussion on this particular topic is completed, perhaps I may make a suggestion which we may consider with respect to the procedure we would follow in concluding our discussions which we could carry out while the Treasury Board solicitor and the departmental officials are completing their consultations.

I would like to put forward a suggestion and it is for purposes of discussion only on our procedure that since Mr. Rod Grey made a rather complete presentation on the changes which are being proposed as a result of our Committee hearings, the evidence taken and our own previous discussions in Committee and since we have had a rather complete discussion on the points he has presented and on other points that are of concern to the members of the Committee, rather than go through the draft Bill on a clause by clause basis, instead we consider a motion in effect to

[Interprétation]

**M. Danson:** C'est une compensation, mais non pas celle qu'on vient de mentionner.

**M. Trudel:** Directement en rapport avec le prix.

**Le président:** Peut-être que M. Rod Grey voudrait faire des commentaires.

**M. R. Y. Grey:** Ce n'est pas une question qui relève du tribunal. C'est une question qui doit être décidée conformément à la loi, en appel auprès de la Commission du tarif et la Cour de l'Échiquier. Page 54, l'article 2 stipule que le prix d'exportation soit estimé exact. Lorsque le sous-ministre du Revenu national est d'avis qu'il y a une entente de compensation, la loi s'applique. Mais ces calculs et les calculs du prix d'exportation sont sujets à appel auprès de la Commission du tarif.

Je pense qu'on irait beaucoup trop loin si le sous-ministre fixait le prix d'exportation. Il doit savoir que la compensation existe et il doit calculer le prix de l'exportation sur une base différente, mais cette décision n'est pas irrévocable.

**M. Danson:** Le sous-ministre doit donc déterminer s'il s'agit d'entente de compensation.

**M. Gray:** Je voudrais faire une suggestion, si vous me le permettez. Au sujet de la procédure à suivre pour conclure notre discussion, nous pourrions le faire tandis que le solliciteur du Conseil du Trésor et les fonctionnaires du ministère se consultent.

Je voudrais présenter une suggestion dont on a parlé dans la procédure. Comme M. Rod Grey a fait une présentation complète sur les changements proposés, à la suite des ententes de notre comité, comme la discussion a été complète sur les points présentés et sur d'autres points aussi qui intéressent les membres du comité, au lieu d'étudier le projet de loi article par article, nous pourrions adopter une motion disant que nous recommandons que le projet soit étudié par la Chambre. Le projet de loi comprendrait les changements acceptés par le Comité. C'est une suggestion que je fais.

## [Text]

recommend the draft Bill for the favourable consideration of the House—a draft Bill which would incorporate the changes agreed upon by this Committee.

I just put this forward as a suggestion for procedure which we might look at while the officials are completing their work.

## [Interpretation]

C'est une procédure que nous pouvons étudier, tandis que les fonctionnaires continuent leur travail.

• 1025

**Le président:** Voici messieurs, et ceci est à l'adresse des nouveaux membres du Comité particulièrement. Il est d'usage, lorsque nous avons un bill à l'étude, de demander une motion générale, ou bien de citer le bill article par article. Lorsqu'il y a des suggestions ou des amendements à apporter, on le fait au moment où l'article est mentionné.

Comme vous le savez, le Livre blanc, que nous étudions, comprend un projet de loi que le gouvernement veut déposer devant le Parlement sur l'antidumping.

Voulez-vous suivre la suggestion de M. Herb Gray ou bien suivre la pratique actuelle, soit que le président cite article par article. Si vous avez des amendements à apporter ou des suggestions à faire vous pourrez le faire au moment opportun.

Monsieur Trudel.

**M. Trudel:** Monsieur le président, c'est seulement une suggestion que M. Gray a faite, je ne sais pas si le Comité veut l'approfondir davantage, mais je crois que c'est un point absolument valable. Les objections que nous avions individuellement en ce moment je ne parle que pour moi-même, je pense que nous avons eu l'occasion de les soulever. S'il y en a d'autres, avant de passer à la résolution, on pourrait certainement les apporter immédiatement. Mais je pense que tous et chacun, nous avons eu la chance de nous exprimer et nous avons un document assez complet en main. Individuellement, je crois que nous avons éclairci les points au sujet desquels nous avons des doutes. Et puis, si M. Gray est prêt à en faire une motion je l'appuierais et je serais d'avis que nous procédions de la façon qu'il a indiquée.

**Le président:** Est-ce que d'autres membres auraient des commentaires à faire relativement à la suggestion faite par M. Herb Gray, appuyé par M. Trudel?

**M. Lambert (Edmonton-Ouest):** Passons tout de suite, monsieur le président, à la considération de la loi, article par article, au plus tôt possible.

**Le président:** Mais ce n'est pas la motion que M. Gray avait faite.

**The Chairman:** Just a word, especially for the new members of the Committee. When we have a bill before us usually we submit a motion and we study the bill clause by clause, but when suggestions or amendments are presented we add them as they arise. As you know the White Paper is a draft of the bill to be submitted to the government on the subject of anti-dumping.

Would you like to follow Mr. Gray's suggestion, or would you like to follow the usual practice.

Should we study the bill clause by clause and if you have amendments or suggestions well you can do it at the right moment.

**Mr. Trudel:** Mr. Chairman, Mr. Gray made a suggestion. I do not know if the Committee would like to take it up, but I think it is a very valid point.

If others would like to discuss it we will be able to do it, but we have been able to ask many questions. We have a complete document. I am sure we have studied each and every question and if Mr. Gray is ready to submit a motion I think that we should accept his suggestion.

**The Chairman:** You have other comments to make gentlemen on Mr. Gray's suggestion and supported by Mr. Trudel.

**Mr. Lambert (Edmonton West):** I think we should study the bill clause by clause as soon as possible.

**The Chairman:** This is not the motion Mr. Gray proposed.



[Texte]

**M. Gray:** Ce n'est pas une motion, c'est une suggestion que j'ai faite pendant que les fonctionnaires...

**Le président:** Je crois qu'on va suivre la pratique habituelle.

Vous avez devant vous une copie des recommandations faites, soit par le ministère des Finances ou le ministère du Revenu national, concernant le Livre blanc, que nous étudions présentement.

**M. Gray:** Monsieur le président, puis-je présenter une autre suggestion. Si nous commençons d'examiner le projet de loi article par article, peut-être pourrais-je faire une motion, appuyé par M. Trudel, qu'il ne doit pas être répété, pour l'adoption de chaque amendement qui est dans le document que nous avons et inclure là-dedans les amendements qui sont en train d'être rédigés.

C'est surtout pour parer à la nécessité de présenter une motion, d'ajouter un amendement chaque fois qu'il sera nécessaire.

**The Chairman:** Your argument, Mr. Gray, was that we should not be obliged to read all the suggestions made in the document we have before us from either the Department of Finance or the Department of National Revenue?

**Mr. Gray:** This document was distributed, I think, several days ago and we considered it in some detail yesterday and as well as today. It was just a suggestion. We can read them, but I said that rather than I on behalf of the government supported by another hon. member making a separate motion each time we come to an amendment that we take this...

**The Chairman:** Is that agreeable to you gentlemen. Are we ready to start clause by clause?

Clause 1 stands.

On Clause 2—*Definitions*.

**Mr. Lambert (Edmonton West):** On clause 2 Mr. Chairman, with respect to the amendment proposed and its limitations as Mr. Rod Grey indicated, I am still not happy with reference to another act which was designed for another purpose. The definition of "associated persons" is a definition for taxation purposes and it seems to me that if the Minister of National Revenue in the next budget speech wishes to change his definition in any way for administrative purposes, then we may be caught by reference. It would then either be meaningless or not of the proper purpose for this Bill.

[Interprétation]

**Mr. Gray:** It is not a motion. I was simply suggesting that while the officials...

**The Chairman:** I think we will follow the usual practice. You have a copy of the recommendations made either by the Department of Finance or the Department of National Revenue, concerning the White Paper on anti-dumping.

**Mr. Gray:** Mr. Chairman, I would like to make another suggestion. If we study the bill clause by clause, maybe I could present a motion supported by Mr. Trudel, which should not be repeated, to adopt each amendment included in this document and also this would include the amendments that are being drafted right now. It is especially to avoid the need of presenting a motion, of adding an amendment each time it will be necessary.

**Le président:** Alors, monsieur Gray, vous voulez que nous ne soyons pas obligés de lire toutes les propositions des ministères des Finances ou du Revenu national?

**M. Gray:** Le document a été diffusé il y a quelques jours. Nous avons étudié les détails hier et ce matin, nous pouvons les lire, bien sûr, mais je pense qu'au nom du gouvernement et appuyé de M. Trudel, nous pourrions présenter cette motion.

**Le président:** Est-ce que cela vous convient messieurs, êtes-vous prêts à commencer l'étude du bill, article par article?

Sur l'article 2—*Définitions*.

**M. Lambert (Edmonton-Ouest):** Au sujet de l'article 2, monsieur le président, concernant l'amendement, comme M. Rod Grey l'a indiqué, je ne suis pas encore satisfait de cela. On se réfère à une autre loi ici, une loi qui a un autre but. La définition de «personnes associées», donnée ici, est la définition aux fins de l'impôt sur le revenu.

Et si le ministre du Revenu national, dans le prochain budget, dit, pour des fins administratives, qu'il veut modifier sa définition, cela serait ennuyeux pour nous. Cela n'aura plus aucun sens, ou encore cela ne conviendra pas à notre projet de loi. J'ai déjà fait ces observations.

## [Text]

I think if the term "associated persons" can be defined for the purposes of the Income Tax Act, they can be defined for the purposes of this Bill. I do not like, as a matter of course, these cross-references to other acts.

**Mr. Gray:** I have just a suggestion to meet Mr. Lambert's point. I certainly think it has substance to it that could be considered, but I think that an alternative solution to the one proposed by Mr. Lambert, is that the officials of the Department of Finance who are here with us are also in contact with their colleagues who have the job of imposing tax amendments—it is the same Department—and, therefore, it would be their obligation to make sure the necessary changes were made in this Bill, if changes were made in the other act.

**Mr. Lambert (Edmonton-West):** Mr. Herb Gray, as a lawyer, you know this is the worst possible way of proceeding when you have these consequential amendments in amending acts. As a lawyer, you then have to try to pull all this together and it is so easy to miss these, shall we say, consequential amendments.

• 1030

If you are advising your clients, you go to the anti-dumping act and you have them all before you, but then you do not have to go thumbing through the Income Tax Act for possible amendments to subsection 5 of section 139. I say, as a matter of practice, that I deprecate this kind of cross-reference from one act to another.

**The Chairman:** Any comments, Mr. Rod Grey?

**Mr. R. Y. Grey:** Mr. Chairman, the alternative to this draft clause as amended, would be really about three additional pages which would look remarkably like those sections of the Income Tax Act. That definition of "arm's length" is, in my view, quite a good definition for the purposes of the Anti-dumping Bill.

I would have thought that if we abandoned this cross-reference, we would do it by simply a long definition which would be modelled very precisely on the provisions of the Income Tax Act. I take it that it is Mr. Lambert's proposal that we do that and then it would stand by itself. I think all I can do is draw it to the attention of the legal advisers of the Crown.

**Mr. Lambert (Edmonton-West):** I am not insisting that we make the change here. I would have much preferred the other practice—it may be only a personal preference—

## [Interpretation]

Si la définition «personnes associées» peut être faite pour la Loi de l'impôt sur le revenu, elle peut très bien l'être pour ce projet de loi-ci. Je n'aime pas beaucoup qu'on se réfère à d'autres lois de cette façon-là.

**M. Gray:** Une suggestion pour répondre à l'idée de M. Lambert. Celle-ci est sans doute valable, mais il y a aussi une autre solution que celle proposée par M. Lambert, à savoir que les fonctionnaires du ministère des Finances qui sont ici avec nous et qui peuvent aussi communiquer avec leurs collègues chargés des amendements, devraient s'assurer que les modifications nécessaires soient faites dans le projet de loi, au cas où la loi même en comporte.

**M. Lambert (Edmonton-Ouest):** Monsieur Grey, en qualité d'avocat, vous savez que c'est la pire manière de procéder. Et, en qualité d'avocat, vous savez qu'il faut relier tout cela et les amendements qui en découlent. En conseillant votre client, vous savez que vous vous référez à la loi d'antidumping, que vous l'avez toute devant vous et qu'il ne devrait pas être nécessaire de lire toute la loi sur l'impôt sur le revenu pour chercher à porter d'éventuels amendements au paragraphe 5 de l'article 132. Dans la pratique, je désapprouve ce genre de renvoi.

**Le président:** Avez-vous quelque chose à ajouter, Monsieur Rod Grey?

**M. R. Y. Grey:** Monsieur le président, la solution de rechange dans ce projet d'article serait d'inclure environ trois pages supplémentaires qui seraient semblables à ce qu'il y a dans la Loi sur l'impôt. Et j'ai pensé que si nous laissons de côté ce renvoi, nous ne ferions que copier, par une longue définition, les dispositions de la Loi de l'impôt sur le revenu.

Voilà la proposition de M. Lambert. Tout ce que je peux faire c'est d'attirer l'attention des conseillers juridiques de l'État.

**M. Lambert (Edmonton-Ouest):** Je ne suggère pas de changements. J'aime beaucoup mieux l'autre pratique—c'est peut-être seulement une préférence personnelle—mais il y a



*[Texte]*

but on the other hand, I think that I have had sufficient support outside to this idea of mine, that if you have something for the Anti-dumping Bill then it is for that purpose. It is not definitions for the purpose of the Income Tax Act, which stand on their own, you must admit.

**M. Comtois:** Il y aurait une légère correction à faire, je crois. Dans les «Modifications au projet de loi antidumping, on signale l'article 2 (1) paragraphe «M». Je crois qu'il faudrait lire : «N».

**Le président:** Oui, l'erreur a été portée à l'attention des officiels du gouvernement, monsieur Comtois, Merci.

• 1035

**Mr. R. Y. Grey:** Mr. Chairman, I wonder if I could say that there will be quite a lot of renumbering in this draft Bill because of the deletion of clause 30. We did not endeavour to provide in the list of amendments the renumbering which, of course, will be picked up in the bill.

**Mr. Gray:** It is understood that in view of the amendments, Mr. Trudel and I expect that the draft Bill will have in it the proper numbering and that the amendments are subject to the proper numbering being made without us working through and adding at this point.

**The Chairman:** Does clause 2 as amended carry? Clause as amended agreed to. I understand Mr. Grey would like to make comments on clauses 3, 4 and 5. There is difference in the French wording.

**Mr. R. Y. Grey:** Mr. Chairman, you drew to my attention some time ago that whereas a number of phrases such as "material injury" in the draft Bill were identical with the English language of the Code, there was an important distinction between the French on one point in the Code and in the Bill.

The point at issue is whether we should say "préjudice important" which is the phrase in the Code, or as drafted by the legal draftsmen in Ottawa "préjudice sensible".

I would merely like to draw the Committee's attention to this point and to say that we will review that question. Our first advice is that there is certainly a difference between those two words in French. Thank you, Mr. Chairman.

**The Chairman:** Clauses 3 and 4 agreed to. Clause 5 as amended agreed to. Clause 6 agreed to.

Clause 7 as amended agreed to.

*[Interprétation]*

des gens de l'extérieur qui sont d'accord avec moi pour dire que, si vous avez quelque chose pour le projet de loi sur l'antidumping, c'est à cette fin-là. Ces définitions ne concernent pas la loi et l'impôt sur le revenu, qui a les siennes propres, vous en conviendrez.

**Mr. Comtois:** There is a slight correction in the amendments in Section 2(1) I think "M" should in fact read "N".

**The Chairman:** Yes, this correction of the error was pointed out to the officials of the government Mr. Comtois. Thank you.

**M. R. Y. Grey:** Puis-je ajouter qu'on va refaire largement le numérotage des articles, étant donné la suppression de l'article 30. Nous n'avons pas inclus dans la liste des amendements le nouveau numérotage qui, bien sûr, entrera dans le projet de loi.

**M. Gray:** Il est entendu qu'en raison des amendements, nous nous attendons, M. Trudel et moi, à ce que le projet ait son propre numérotage et que les amendements comportent leur propre numérotage sans que nous ayons à y travailler et à y faire des additions.

**Le président:** Est-ce que l'article 2 amendé est adopté? Adopté.

Quant aux articles 3, 4 et 5, où le libellé du texte français comporte des différences, M. Grey voudrait faire des remarques.

**M. Grey:** Il y a quelque temps vous avez attiré mon attention sur des expressions comme «material prejudice». Dans l'anglais, c'est la même chose que dans le code, mais dans le français il y a une distinction importante sur un point dans le Code et le projet de loi. Faut-il dire «préjudice important», comme dans le Code, ou «préjudice sensible», comme l'a écrit pour le projet de loi le rédacteur juridique d'Ottawa?

Je voudrais simplement attirer l'attention du Comité sur ce point et préciser que nous allons reconsidérer la question. Nous signalons seulement qu'il y a certainement une différence entre ces deux mots en français. Merci, monsieur le président.

**Le président:** Articles 3 et 4: adoptés  
Article 5 amendé: adopté.  
Article 6: adopté  
Article 7 amendé: adopté.

## [Text]

Clause 8 agreed to.

On Clause 9—*Determination of normal value of goods.*

**Mr. Lambert (Edmonton-West):** The point was made by a number of witnesses as well as myself about where there are no sales in the domestic market of the goods that are being exported to Canada, but the direction is that they must examine like goods in the domestic market and we are running into goods from, shall we say, low-cost countries.

This was my example of the Hong Kong shirt, and you may recall that it was the opinion of Mr. Arthur that you would have to look at the price of all shirts of that particular category in the United Kingdom to determine the retail value or the comparable value in the United Kingdom market. It is my contention that one would have to exclude from the survey, goods coming from one of these low-cost countries.

**Mr. R. Y. Grey:** Mr. Chairman, I will make two points. It may be that this problem is, in fact, dealt with or can be dealt with, by the amendment. They are the underlined words two-thirds of the way down the page on the first page of the amending document.

such one of any such vendors as the Deputy Minister may specify.

This deals with part of the problem.

The second observation I would like to make is that in a recent anti-dumping inquiry, it was not a formal investigation, into a possible dumping of a Canadian product into another country, this very point arose and the investigators of the government of that other country advised us that they would not look at the price of Hong Kong goods being sold in Canada, which price was, in fact, lower than the price of the Canadian goods which were not sold in sufficient quantity in Canada, but were sold for export. The reason they were not sold in Canada was that the Canadian market has been taken by the Hong Kong goods.

● 1040

This very point had arisen and in the interpretation of this statute and in considering necessary amendments to it which I am sure will be necessary, of course, the officials must have regard to the practice of other countries under the Code.

**Mr. Lambert (Edmonton-West):** Thank you, Mr. Chairman.

## [Interpretation]

Article 8? Adopté.

Sur l'article 9—*Fixation de la valeur normale des marchandises.*

**M. Lambert (Edmonton-Ouest):** Le point qu'on a soulevé, qui a été soulevé par un certain nombre de témoins est celui que j'ai suggéré. Lorsqu'il n'y a pas de vente sur le marché intérieur des marchandises qui sont exportées au Canada, on stipule que l'on doit examiner le prix de vente sur le marché intérieur de marchandises semblables, notamment dans le cas de marchandises en provenance de pays à prix de revient réduit.

Par exemple, les chemises de Hong-kong. Vous vous souviendrez peut-être que, de l'avis de M. Arthur, il faudrait examiner le prix de toutes les chemises de cette catégorie au Royaume-Uni, pour en déterminer la valeur, le prix de détail comparable sur le marché de la Grande-Bretagne. Je pense qu'il faudrait exclure de l'étude les articles qui viennent d'un des pays où le coût de production est bas.

**M. Grey:** Il est possible que ce problème soit réglé par l'amendement suivant:

tel de ces vendeurs que le sous-ministre pourrait désigner.

Ma deuxième remarque, c'est que dans une enquête faite sur un cas possible de dumping de produits canadiens dans un autre pays, on a soulevé ce même point et les enquêteurs de ce pays nous ont informés qu'ils ne tiendraient pas compte du prix des marchandises de Hong-kong qui se vendent au Canada et dont le prix était de fait plus bas que les produits canadiens qu'on ne vendait pas en quantité suffisante. Et la raison pour laquelle on ne les vendait pas au Canada, c'est que le marché de Hong-kong avait accaparé toutes les ventes.

Dans l'interprétation de cette loi et compte tenu des modifications nécessaires, les fonctionnaires doivent prendre en considération la pratique dans les autres pays qui ont signé le code.

**M. Lambert (Edmonton-Ouest):** Merci, monsieur le président.



[Texte]

**The Chairman:** Shall Clause 9 as amended carry?

Clause 9 as amended agreed to.

On Clause 10—*Determination of export price of goods.*

Mr. Danson, do you have a question on clause 10?

**Mr. Danson:** Mr. Chairman, we did have that question which was discussed on Clause 10(2)(d)(ii).

**Mr. R. Y. Grey:** Mr. Chairman, the amendment which we would now propose and it being understood that the draftsmen in directing themselves to the Bill, may wish to consider a little more carefully amendments that they have drafted under pressure of time. We suggest that this clause on compensatory arrangements might read somewhat along the following lines.

Delete the phrase "affecting the price" and then say, "by reason of a compensatory arrangement made between any two or more of the following", and then listing those as listed in the present draft, and add at the end "that affects directly or indirectly the net cost to the importer of the goods".

The attempt, Mr. Chairman, is to find words that really bring within this clause any kind of compensatory arrangement that has this substantive effect.

**Mr. Gray:** Are you suggesting that the draft Bill will contain an amendment setting out those words or are you ready to propose them at this point?

**Mr. R. Y. Grey:** I am proposing them to the Committee at this stage. I hope the Committee would understand that something that we have given so little consideration to and that we recently had advice on, we would perhaps look at it more carefully.

**Mr. Gray:** Just for format, we, in effect, are amending the subclause so that it will include wording carrying out the intention expressed by Mr. R. Y. Grey, so that the House will understand what we are reporting to them.

**The Chairman:** This means that...

**Mr. Danson:** Of course, initially I was not unsatisfied with it affecting the price, but as I understand the legal interpretation of this is much more specific than a layman understands. As long as" ...affects directly... the net cost" does not produce the same result. Certainly we can all understand the intent, but making certain that it is legally precise is my main concern.

[Interprétation]

**Le président:** Est-ce que l'article 9 amendé est adopté? Adopté.

Sur l'article 10—*Fixation du prix à l'exportation des marchandises.*

Une question sur cet article, monsieur Danson?

**M. Danson:** Monsieur le président, on a discuté de cette question à l'article 10(2)(d)(ii).

**M. R. Y. Grey:** La modification que nous proposons—les rédacteurs du bill devront peut-être étudier à fond cette suggestion—est que cet article sur les ententes de compensation puisse être rédigé de la façon suivante: suppression de l'expression «affectant le prix» et insertion de «pour cause d'entente de compensation conclue entre deux ou plusieurs des parties suivantes», puis indication de ces parties comme dans le projet actuel, et insertion à la fin de «qui affecte directement ou indirectement le prix de revient net pour l'importateur des marchandises».

L'objectif visé, monsieur le président, est de trouver des mots qui incluent dans cet article toute entente de compensation qui ait cet effet positif.

**M. Gray:** On suggère que la loi contienne une modification ajoutant ces mots ou est-ce que vous faites cette proposition maintenant?

**M. R. Y. Grey:** J'espère que le Comité comprendra que c'est un point qu'il faut étudier très soigneusement.

**M. Gray:** Nous modifions donc l'article pour inclure des termes conformes à la suggestion de M. R. Y. Grey.

**Le président:** Cela veut dire que...

**M. Danson:** Je ne serais pas mécontent de l'article concernant la question de prix. Mais l'interprétation est beaucoup plus définitive que celle que comprend le profane. Nous voulons que les termes soient précis au point de vue légal, et c'est ce qui me préoccupe.

[Text]

**The Chairman:** Shall clause 10 as amended carry?

**Mr. Gillespie:** Including the amendment that has just been read out?

**The Chairman:** Including all amendments. Clause as amended agreed to.

Clause 11 agreed to.

On Clause 12—*Goods exported to Canada through another country.*

**Mr. Lambert (Edmonton West):** On that point, I still am not satisfied that we have dealt with the problems that were raised by the chemical producers and by myself about where you are dealing with a trading bloc of nations where goods freely move from one country to another, either under a very much reduced inner tariff or no tariff at all, and what are deemed to be French goods are really German goods and they are not within the meaning of the draft Bill. Because that Bill says:

Goods bona fide exported to Canada from any country but passing in transit through another...

That is not the situation. There is a bona fide sale from France, but they are German manufactured goods. I am using that as an example. They are German goods, but where do you go looking for the values, in Germany or in France?

**Mr. R. Y. Grey:** Mr. Chairman, I think the purport of subclause (2) of clause 12, is as under the present Customs Act as amended several years ago to deal with this particular problem.

• 1045

In the case of German goods exported to Canada from France and are not bona fide exported from Germany and passing in transit to France, you would only look at the normal value in France of those German goods, sold in the French market for consumption in France.

If it appears that the value in Germany is higher, you then are empowered under subclause (2) to take that as the country of export. So, in effect, it is open to take the higher whether it is France or Germany.

Now, that is the way fair market value is determined now, in the light of an amendment that was made a number of years ago to the Customs Act—I think it was about three or four years ago, at the same time as Section 37 (a) was introduced.

[Interpretation]

**Le président:** L'article 10 modifié est-il adopté?

**M. Gillespie:** Y compris l'amendement que l'on vient de lire?

**Le président:** J'ai dit toutes les modifications. Adopté? Article 11? Adopté?

Sur l'article 12—*Marchandises importées au Canada via un autre pays.*

**M. Lambert (Edmonton-Ouest):** Je ne suis toujours pas satisfait sur ce point que nous avons réglé, les problèmes soulevés par les producteurs de produits chimiques et moi-même. Lorsqu'on a affaire à un bloc commercial, lorsque les marchandises passent d'un pays à un autre, à un prix, à un tarif très réduit ou sans tarif du tout, des marchandises qui sont censées être des marchandises de la France, sont, en fait, des produits allemands et ne tombent pas sous le coup du projet de loi. Car celui-ci stipule:

Marchandises exportées de bonne foi au Canada de n'importe quel pays mais transitant par un autre. . .

Ce n'est pas la situation. La France fait une vente de bonne foi, mais la fabrication est allemande. Alors, où chercher la valeur? En Allemagne ou en France?

**M. Grey:** Monsieur le président, je pense que la teneur du paragraphe 2, article 12, est, comme termes de la Loi actuelle sur les douanes, conforme aux amendements d'il y a quelques années.

Dans le cas de produits allemands exportés de la France, et qui ne sont pas des produits simplement en transit par la France, on tient compte de la valeur normale en France, la valeur de ces produits allemands tels qu'ils se vendent aux consommateurs en France. Mais s'il semble que la valeur en Allemagne est plus élevée, nous avons le droit, d'après le sous-alinéa 2, de la considérer comme pays d'exportation. Et on a le droit de tenir compte de la valeur la plus élevée, que ce soit en Allemagne ou en France.

Aujourd'hui, c'est ainsi qu'est fixée la juste valeur marchande, à la lumière d'un amendement remontant à deux ou trois ans.



[Texte]

**Mr. Lambert (Edmonton West):** Thank you, Mr. Chairman.

**The Chairman:** Shall Clause 12 carry?

Clause agreed to.

Clause 13 agreed to.

On clause 14—*Preliminary determination of dumping.*

**M. Lambert (Edmonton-Ouest):** Un instant, s'il vous plaît, c'est une question d'ordre technique: Je vérifie simplement si nous avons adopté tous les articles.

Je vais me contenter des amendements proposés. Je pourrais soulever des questions sur bien des points, mais je n'ai aucune question à poser.

Clause amended agreed to.

Clauses 15 and 16 as amended agreed to.

On clause 17—*Final determination of dumping.*

**Mr. Lambert (Edmonton West):** We were discussing this point yesterday. Some representations were made about whether the anonymity of a complainant should be preserved and I suppose there are cases where this might be of necessity. But it would be my hope that the Tribunal in the publishing of the determination as indicated, or the Deputy Minister—this applies to both the Deputy Minister and the Tribunal—would word this publication in such a way that you cannot really, even within the trade, go and identify.

I am reminded of some of the decisions of the Tax Appeal Board, for instance, where they do not put in the taxpayer's name, but there is such a description that it takes very little imagination to say "Well, that is Joe Dokes, it obviously has to be Joe Dokes". Therefore, I think a little care has to be taken.

Clause as amended agreed to.

Clause 18 as amended agreed to.

On clause 19—*Appeal to the Tariff Board.*

**Mr. Lambert (Edmonton West):** No, sir, I am coming back to the charge that this is "made in central Canada." Clause 19 (1) which says:

...a notice of appeal in writing with the Deputy Minister and the Secretary of the Tariff Board within 60 days from the day on which the decision was made.

This works to the prejudice of people, say, in Vancouver, Halifax or any other part except, shall we say, this self-centred triangle of Ottawa, Montreal and Toronto.

[Interprétation]

**M. Lambert (Edmonton-Ouest):** Merci, monsieur le président.

**Le président:** L'article 12 est-il adopté? Adopté. Article 13 adopté.

Sur l'article 14—

**Mr. Lambert (Edmonton West):** It is just a technical motion. I wanted to see if we had adopted all the points.

I shall be satisfied with the amendment proposed. There are quite a few points I could raise but I have no questions.

**Le président:** Article 14, modifié, est-il adopté? Adopté. Article 15 modifié est-il adopté? Article 16 modifié est-il adopté? Adopté. Article 17 modifié est-il adopté?

**M. Lambert (Edmonton-Ouest):** C'est le point que nous avons discuté hier. On a fait certaines instances pour préserver l'anonymat d'un plaignant. Je suppose qu'il y a des cas où cela s'impose. Mais, j'espère que le Tribunal qui publie la détermination du dumping, ou le sous-ministre—et cela s'applique aux deux, le sous-ministre et le Tribunal—rédigeront leurs décisions de façon à ce que l'on ne puisse pas identifier le plaignant, même dans le commerce. Je me souviens de certaines décisions de la Commission d'appel de l'impôt. On ne nomme pas le contribuable mais il n'est pas difficile de l'identifier. Par conséquent, je pense qu'il faut user de prudence.

**Le président:** Article 17, modifié. Adopté? Adopté. Article 18, modifié. Adopté? Adopté.

Sur l'article 19—*Appel à la Commission du tarif.*

**M. Lambert (Edmonton-Ouest):** Non, j'en reviens au fait que l'article 19, en exigeant qu'on produise avis d'appel

un avis d'appel par écrit au sous-ministre et au secrétaire de la Commission du tarif, dans les 60 jours suivant la date

à laquelle la décision a été rendue, pose des difficultés pour les personnes qui habitent Vancouver, Halifax et toutes les autres parties du Canada à l'extérieur de ce triangle

[Text]

Mr. Rod Grey may look at me with some wonderment, but I can show him some glaring examples of the inequity of this rule before the Immigration Appeal Board where the Board has to consistently relieve against delays, shall we say, inevitable delays, in filing appeals.

This type of requirement is wrong, and there should be a provision to say that everybody starts out from square one at the same time and that the notice of appeal shall be from 60 days from the receipt thereof. We can arrange for the appropriate receipt of it. It can either be deemed to be within so many days after posting or they can arrange for registered mail one way or another.

Now that the Postmaster General has decided that in urban centres there will be no mail delivery on Saturdays for legal offices and so forth, there are three days gone because Air Canada does not always deliver the mail on time.

Mr. Chairman, I do wish that we could change this in so far as the time limit is concerned.

• 1050

**Le président:** Donnons quelque crédit au ministère des Postes; considérant aussi le climat canadien qui...

Oui, monsieur Trudel.

**Mr. Trudel:** A ce moment-là, monsieur le président, je crois que nous laisserions la porte ouverte à des abus. Avec tout le respect dû aux aviseurs légaux de cette cause, on pourrait retenir le dossier indéfiniment et la procédure en serait retardée. Sauf le respect dû à M. Lambert, si le délai est de 60 jours après la réception de la demande et que l'aviseur légal décide de la retenir, et ce cas n'étant pas prévu dans ce projet de loi, il risque d'être dépassé.

**Mr. Lambert (Edmonton West):** I would like to have further comment from Mr. Rod Grey and his advisers on this. If they do not wish to make the amendment now, it will always be open to me to make the amendment in the House. However, I am interested in prompt passage in the House—there is a time question—and perhaps we can clear it up much more quickly here.

**Mr. R. Y. Grey:** Mr. Chairman, this provision was taken directly from the Customs Act and Mr. Lambert's criticism would apply equally to the existing provisions of the Customs Act and, I expect, to other statutes as well.

[Interpretation]

formé par Ottawa, Montréal et Toronto. M. Grey est peut-être étonné, mais je pourrais lui donner des exemples assez tristes des injustices qui se sont produites devant la Commission d'appel de l'Immigration. La commission doit toujours compenser les délais inévitables dans l'interjection des appels.

Je pense que cette clause est injuste et que tout le monde doit être traité sur un pied d'égalité. L'avis d'appel devrait se faire dans les 60 jours de la date de réception. Cela doit être tant de jours après la notification. Maintenant que le ministre des Postes a décidé que, dans les centres urbains, il n'y aurait pas de livraison de courrier le samedi, voilà trois jours de perdus, parce que Air Canada n'apporte pas toujours le courrier à temps.

Monsieur le président, j'aimerais bien que nous changions cette disposition relative au délai.

**The Chairman:** We should give the postmaster general some credit here. Taking into account the Canadian climate also...

Yes Mr. Trudel?

**Mr. Trudel:** In that case, Mr. Chairman, I feel we would be leaving the door open to various abuses. With all due respect to the legal advisers of this course. The records could be held back indefinitely and the procedure held up. With all due respects to Mr. Lambert, if the filing period is sixty days following receipt of the application and the legal adviser decides to hold it up, there is a danger the limits of the Act will be exceeded as no provision is made in it for such a case.

**M. Lambert (Edmonton-Ouest):** J'aimerais entendre l'opinion de M. Grey et de ses conseillers, sur ce point. Si on ne veut pas faire cette modification maintenant, on peut toujours la proposer en Chambre. Mais ce qui m'intéresse, c'est que l'on adopte les mesures rapidement, en Chambre. Et, ces points peuvent être éclaircis beaucoup plus rapidement ici.

**M. R. Y. Grey:** Monsieur le président, cette disposition a été tirée directement de la Loi sur les douanes. Et je crois que les critiques de M. Lambert valent aussi pour les dispositions existantes de la Loi sur les douanes et d'autres lois aussi.



[Texte]

**Mr. Lambert (Edmonton West):** This criticism is very wide-spread, Mr. Chairman, I know. Reformation starts at some point.

**Mr. R. Y. Grey:** I am not particularly attached to the existing provisions of the Customs Act in any way.

If we could find an alternative formulation here which would remove any sense of discrimination which people in the far East and the far West of Canada feel about this narrowing of their right of appeal because of the distance involved, I would have no objection in principle.

Mr. Lambert has identified a piece of very conventional drafting and I would be quite prepared to undertake that the Solicitor of the Treasury and other officials of the Department of Justice would look at this again to see if we can find some fairly straightforward and uncomplicated way of removing this discrimination. I am not sure that we can, but we will certainly try to.

**Mr. Lambert (Edmonton West):** All right, fine.

**Mr. Danson:** Mr. Chairman, I just would like to make reference to this point. It is not a question of one being self-centred, it is a matter of viewing it from its own context. One could say that people elsewhere are parochial, but this would not be the case. It is the beauty of this organization of which we are part that we come together and try to see one another's viewpoints and I think the viewpoint that Mr. Lambert has expressed has broadened our horizons, as well.

**Mr. Lambert (Edmonton West):** That has made my morning, Mr. Chairman.

Clause as amended agreed to.

Clause 20 agreed to.

Clause 21 as amended agreed to.

On Clause 22—*Remuneration and expenses.*

**Mr. Lambert (Edmonton West):** I remember that under the Broadcasting Act there was a similar problem. There are no voluntary members here. It is a question of how you describe this payment of expenses while he is away from his ordinary residence.

I presume this will require that the members of the Tribunal, since they are to be full-time and so forth, will have to normally live in Ottawa or would one tolerably live in Montreal under these circumstances and commute?

[Interprétation]

**M. Lambert (Edmonton-Ouest):** C'est une critique assez répandue, monsieur le président. Et, il faut commencer la réforme quelque part.

**M. R. Y. Grey:** Je ne suis pas trop attaché aux dispositions de la Loi sur les douanes. Si nous pouvions trouver une autre solution, une autre formule qui pourrait faire disparaître toutes les injustices commises à l'égard de ceux qui habitent les régions éloignées, à l'Est et à l'Ouest du Canada, je ne m'y opposerais pas, en principe. Et, si quelqu'un se sent lésé à cause de la distance, je n'ai pas d'objections, en principe, à faire le changement. C'est une formule assez traditionnelle, mais je suis prêt à recommander au chef du contentieux du Conseil du Trésor et à des fonctionnaires du ministère de la Justice d'essayer de trouver une formule assez juste et assez simple qui ferait disparaître ces injustices. Je ne sais pas si nous pouvons le faire, mais nous allons essayer.

**M. Lambert (Edmonton-Ouest):** Bien!

**M. Danson:** Monsieur le président, il ne s'agit pas de penser seulement à soi, mais d'envisager la chose sous un autre angle. On peut peut-être penser que c'est une question d'égoïsme, mais nous essayons de connaître le point de vue des autres et je pense que le point de vue exprimé par M. Lambert a élargi nos horizons.

**M. Lambert (Edmonton-Ouest):** Et je suis heureux, maintenant, monsieur le président.

**Le président:** L'article 19, amendé? Adopté. Article 20, adopté? Adopté. Article 21, modifié? Adopté.

Sur l'article 22—*Rémunération et dépenses.*

**M. Lambert (Edmonton-Ouest):** Au sujet de l'article 22, je me souviens que dans la Loi sur la radiodiffusion il y avait un problème semblable. Il s'agit de définir le remboursement des dépenses, lorsqu'un fonctionnaire se déplace. Je présume que les membres du Tribunal, qui sont des employés à plein temps, devront alors habiter Ottawa? Ou, est-ce que, par exemple, un membre du Tribunal pourrait habiter Montréal?

[Text]

• 1055

**Mr. R. Y. Grey:** Mr. Chairman, there is no residence requirement.

**Mr. Lambert (Edmonton West):** I said tolerably, I did not say tolerantly.

**Le président:** L'article 22 est-il adopté?

**Mr. Lambert (Edmonton West):** No, I am serious about this. Suppose some of the Tribunal members live in Ottawa but one of the members chooses to live in Montreal. As described in the Bill he could claim living expenses while away from his ordinary place of residence while carrying out his normal duties. Whereas the other members of the Tribunal who would be living here could not make the same claim and this might create friction. I know this has happened in the past.

**Le président:** N'est-ce pas le même problème entre les membres du Parlement, monsieur Lambert? Pour aller chez moi, on m'alloue \$4.20 par semaine.

**M. Lambert (Edmonton-Ouest):** D'accord, à moi, on alloue plus que cela, monsieur Clermont. Mais, je dois perdre sept heures de mon temps, pour me rendre dans mon comté.

**Mr. Gray:** Mr. Chairman, what about the word "reasonable". In clause 22 it says: "reasonable travelling and living allowances". I think that the Treasury Board or whoever takes responsibility for making the decision on payment could well take the position that if the situation Mr. Lambert described should occur, then the expenses in travelling back and forth from Ottawa to Montreal, Kingston, Toronto, Edmonton or wherever it may be, would not be reasonable.

**Mr. Lambert (Edmonton West):** I beg to differ, Mr. Chairman. I made the suggestion in order to remove this difficulty of somebody having to exercise this sort of discriminatory discretion.

**Mr. Gray:** I think Mr. Lambert's point has a lot of substance to it. I would just make a suggestion that the inclusion of the word "reasonable" in the clause may provide a means of dealing with it without further amendment. Perhaps I am mistaken.

**The Chairman:** Are there any comments from government officials?

**Mr. R. Y. Grey:** Mr. Chairman, these like some other clauses of this part of the draft Bill are taken from existing legislation. I

[Interpretation]

**M. R. Y. Grey:** Monsieur le président, il n'y a pas de conditions de résidence, dans cet article.

**Mr. Lambert (Edmonton-Ouest):** Je n'ai pas dit avec tolérance, j'ai dit tolérablement.

**The Chairman:** Does Clause 22 carry?

**M. Lambert (Edmonton-Ouest):** Non, je suis sérieux. Disons que certains membres du Tribunal habitent Ottawa et qu'un membre du Tribunal décide d'habiter, ou préfère habiter Montréal. D'après le projet de loi, il pourrait réclamer des frais de subsistance lorsqu'il est dans l'exercice de ses fonctions, alors que d'autres membres du Tribunal, qui habitent Ottawa, ne pourraient pas faire de demande semblable. Je sais que cela est déjà arrivé.

**The Chairman:** Is the same not true of members of Parliament, Mr. Lambert? I am allowed \$4.20 a week to go home.

**Mr. Lambert (Edmonton West):** I am allowed more than that, Mr. Clermont, but I must use up seven hours of my time to get to my riding.

**M. Gray:** Que veut dire le mot «raisonnable», à l'article 22, «frais raisonnables de voyage et de subsistance»? Je pense que le Conseil du Trésor, ou celui qui doit prendre les décisions, quant au remboursement peut tenir compte de la situation décrite par M. Lambert, et décider que les déplacements d'Ottawa à Montréal, Kingston, Toronto, Edmonton, etc., ne sont pas des dépenses raisonnables.

**M. Lambert (Edmonton-Ouest):** Permettez-moi de différer d'opinion, monsieur le président. J'ai proposé qu'on fasse disparaître cette difficulté pour que personne n'ait à exercer ces pouvoirs discrétionnaires.

**M. Gray:** Je crois que l'inclusion du mot «raisonnable» dans l'article permettrait de régler le problème sans qu'on ait à modifier l'article. Je n'ai peut-être pas raison.

**Le président:** Qu'en disent les fonctionnaires?

**M. R. Y. Grey:** Monsieur le président, comme pour d'autres articles du projet de loi, ces dispositions ont été tirées d'autres lois,



[Texte]

think this is modelled largely on the National Energy Board Act.

I am advised that there have been problems with part-time members of boards arising out of this. We are not aware that there have been any problems where the members of the board are required to be full-time. Mr. Herb Gray may have identified the way out of the problem.

We will look at it again and see whether we can redraft this to deal with the real problem that has been identified. I am not sure that for full-time members of boards this is really a serious issue because commuting services for full-time members of boards from such places as Montreal are really not that good that it is a practical matter to commute.

**Mr. Lambert (Edmonton West):** No, not really, but if I may suggest to you, though, a member of the Tribunal could, say, live in Kingston and that is where his residence would be. He could come up to Ottawa on a Monday morning and return to his residence on Friday and say, "Well, look, I want my living allowances. I am living in an apartment, or a hotel suite here in Ottawa while absent from my ordinary place of residence".

**The Chairman:** Mr. Lambert, do you think the Treasury Board would be more lenient with him than they would be with the other members?

**Mr. Lambert (Edmonton West):** This would was in the House of Commons Act.

**Mr. Comtois:** Let us change it.

**Mr. Lambert (Edmonton West):** This would be very acceptable, but I think Mr. Rod Grey recognizes the problem which is to avoid this difficulty should a board member say: "All right, here is my bill".

**The Chairman:** Do you accept, Mr. Lambert, the suggestion made by Mr. Grey that they will look at it very thoroughly and if possible will have other wording in the Bill before it goes to Parliament?

Clause agreed to.

Clause 23 agreed to.

On clause 24—*Head Office*.

**Mr. Lambert (Edmonton West):** I recognize the validity of clause 22 when you consider clause 24(2) in that the Tribunal may sit in various places in the country and that is perfectly legitimate.

[Interprétation]

notamment de la Loi sur l'Office national de l'énergie. On me dit qu'il y a eu des problèmes pour les membres à temps partiel de certaines commissions. Mais, cela n'existe pas lorsqu'il s'agit de membres à plein temps. M. Herb Gray a semblé avoir trouvé une solution. Nous allons étudier cet article pour voir si nous ne pourrions pas le rédiger de nouveau de façon à régler ce véritable problème. Mais je ne pense pas que ce soit un véritable problème pour les commissaires à plein temps.

**M. Lambert (Edmonton-Ouest):** Un membre du Tribunal, habitant Kingston, par exemple, et qui viendrait à Ottawa le lundi matin et retournerait chez lui le vendredi soir, pourrait dire: «je veux que mes frais de subsistance me soient remboursés, que j'aie un appartement ou une chambre à l'hôtel, à Ottawa, pendant que je suis absent de ma résidence ordinaire».

**Le président:** Monsieur Lambert, pensez-vous que le Conseil du Trésor serait plus généraux pour ce type-là que pour les autres commissaires?

**M. Lambert (Edmonton-Ouest):** J'aimerais bien que cela soit inscrit dans la Loi sur la Chambre des communes.

**M. Comtois:** Modifions-la!

**M. Lambert (Edmonton-Ouest):** Ce serait très acceptable, mais je pense que M. Grey est conscient du problème qu'il y a à contourner cette difficulté lorsqu'un commissaire présente sa note.

**Le président:** Monsieur Lambert, est-ce que vous acceptez la proposition de M. Grey? Il a dit qu'il allait étudier la question avec soin et que, s'il est possible de changer le libellé, cela se ferait avant la présentation du bill au Parlement.

Article 22 adopté? Adopté. Article 23? Adopté.

Sur l'article 24—*Siège*.

**M. Lambert (Edmonton-Ouest):** Je reconnais que l'article 22 est valide, si on considère que l'article 24 (2), selon lequel le Tribunal peut siéger en divers lieux de pays est parfaitement légitime.

[Text]

[Interpretation]

● 1100

What I am considering is the man who lives within a reasonable distance from Ottawa who would claim, shall we say, his living allowances for five days a week.

**Mr. Gillespie:** On a point of order, could you explain to me the nuances here. As I understand it the government may wish to change slightly a number of things that we have decided upon in this Committee. What is the discretion of the government, and what are the responsibilities of this Committee in making its report? In other words I would like to have some clarification on what we are doing, and how it relates to what we will see in the proposed Bill when it reaches the House.

**Mr. Gray:** Mr. Chairman, perhaps I might deal with this point. In fact it was going to be my proposal that once we finished our substantive discussion and debate on the draft Bill that we go into closed session to discuss the form of our report. However, I might suggest at this time, what we are actually considering is not a Bill that has been referred to us by the House, but the subject matter.

**The Chairman:** Mr. Gray, you should give your voice a chance to go through the microphone. You are putting part of your hand over it.

**Mr. Gray:** There has never been any problem with my voice carrying before, Mr. Chairman. I might check into the form of gargle I use or something.

**The Chairman:** I am sorry, but I was told your voice was not carried.

**Mr. Gray:** Mr. Chairman, as I was saying it was going to be my proposal that once we have completed our substantive discussion and debate on the clauses of the draft Bill which is contained in the White Paper that we go into closed session to discuss the form of our report.

We should note that what we have before us is not a Bill which has been referred to us by the House for study, but instead, if you look at our order of reference, the subject matter of the White Paper, which includes not only the draft Bill, but some other material which helps us to understand the purpose and aims of the draft Bill.

Therefore our report to the House, technically, would be our views on the subject matter of the White Paper. Consequently, it would certainly be open to the government to

Ce à quoi je pense, c'est à la personne qui vit à une distance raisonnable d'Ottawa, et qui demanderait une allocation de subsistance pour cinq jours par semaine.

**M. Gillespie:** Question de Règlement. Pourriez-vous m'expliquer ces nuances? Si j'ai bien compris, le gouvernement pourrait vouloir modifier légèrement un certain nombre de décisions que nous avons prises au Comité. Quel est le pouvoir du gouvernement et quelle est la part de la responsabilité du Comité dans la rédaction du rapport? J'aimerais que l'on m'explique ce que nous faisons, et le rapport que cela a avec ce que nous verrons dans le projet de loi lorsqu'il sera présenté à la Chambre.

**M. Gray:** Monsieur le président, je pourrais peut-être répondre à cette question. En fait, j'allais proposer que, une fois que nous aurons fini de discuter de la substance du projet de loi, nous ayons une séance à huis clos pour discuter de la forme à donner à notre rapport. Ce que nous étudions en ce moment, ce n'est pas un projet de loi que nous a renvoyé la Chambre, mais la substance de la question.

**Le président:** Voudriez-vous parler dans le microphone, s'il vous plaît, monsieur Gray? Vous le bouchez en partie avec votre main.

**M. Gray:** Je n'ai jamais eu de problèmes pour me faire entendre, monsieur le président. Je pourrais peut-être changer de produit de gargarisme.

**Le président:** Désolé, mais on me dit que votre voix ne porte pas assez.

**M. Gray:** Monsieur le président, je disais donc que j'allais proposer que, lorsque nous aurons fini notre débat sur la substance et sur les dispositions du projet de loi contenues dans le Livre blanc, que nous ayons une séance à huis clos pour discuter de la forme de notre rapport. Ce que nous avons à étudier, ce n'est pas un projet de loi qui nous a été renvoyé par la Chambre, mais, comme le précise notre mandat, la substance du Livre blanc, qui comprend non seulement le projet de loi, mais aussi d'autres documents qui nous aident à comprendre le but du projet de loi.

Dans le rapport que nous présentons à la Chambre, nous devrions donc faire connaître nos opinions sur les sujets traités dans le Livre blanc. Par conséquent, le gouvernement



[Texte]

take into account not only the formal decisions of the Committee on precise amendments, but also the further comments of the Committee, of the type made by Mr. Lambert, which might possibly be reproduced in the form of further amendments, but which require more careful consideration by legal advisers from the point of view of wording, and so on, than is possible to give in this type of session.

We might refer to this in the textual portion of our report, but really I do not think it would be any reflection either on the Committee, the officials who have been working with us or the government, if once the resolution, on which the Bill itself has to be based constitutionally, carries in the House, if the Bill included not only the amendments which we have considered because they are before us in precise wording, but some other changes which reflect our discussion this morning. This is a little different situation, Mr. Chairman, than the one we have when a bill as such is referred to us.

**Le président:** Monsieur Herb Gray, même si un comité présente un projet de loi, le gouvernement ou le Parlement n'est pas obligé d'accepter toutes ses recommandations.

**M. Gray:** Je pense, monsieur le président, que vous avez fait une mise au point assez importante. Notre devoir est d'étudier les sujets qui nous sont référés. Et le gouvernement, ou le parlement, ou les deux, ont toujours le droit d'accepter, de refuser ou de modifier les recommandations d'un comité parce que celui-ci n'a que des pouvoirs délégués d'un pouvoir souverain, c'est-à-dire le Parlement.

**The Chairman:** I understand, Mr. Gillespie, Mr. R. Y. Grey would also like to make comments on your questions.

• 1105

**Mr. R. Y. Grey:** Mr. Chairman, it would not be surprising if the bill that appears in another place looks remarkably like that recommended by this Committee, if that is the outcome of our deliberations.

I think in any discussion that takes place, someone speaking for the government will be at pains to identify those changes in the draft Bill that are different from the document that is recommended by this Committee.

That is why I drew attention to the problem of the French version, as distinct from the English version, to flag for your attention

[Interprétation]

pourrait assurément tenir compte non seulement des décisions officielles du Comité sur des modifications précises, mais aussi des autres observations du Comité, comme celles de M. Lambert, qui pourraient être reproduites sous forme de modifications supplémentaires, mais qui doivent être examinées plus à fond par des avocats-conseils du point de vue de l'énoncé, etc., ce que nous ne pouvons faire lors de nos séances.

Nous pourrions les mentionner dans le texte de notre rapport. Je ne pense pas que cela ferait le moindre tort au Comité, aux fonctionnaires qui ont travaillé avec nous, ou au gouvernement si, en supposant que la résolution, sur laquelle, constitutionnellement, doit se fonder le projet de loi, soit adoptée à la Chambre, le projet de loi comportait non seulement les modifications que nous avons étudiées parce que l'on nous les a soumises en termes précis, mais aussi d'autres changements qui refléteraient nos discussions de ce matin. C'est une situation un peu différente, monsieur le président, de celle que nous avons lorsqu'on nous renvoie un projet de loi en tant que tel.

**The Chairman:** Yes, Mr. Gray, but even if a committee presents a bill, the government or Parliament does not have to accept all the recommendations made by the Committee.

**Mr. Gray:** Mr. Chairman, that is a very important point you made. Our job is to study all questions referred to us but the government and/or Parliament can accept, reject or modify the recommendations of a committee, because our powers are delegated to us by Parliament, which is the sovereign authority.

**Le président:** Je crois, monsieur Gillespie, que M. Rod. Grey a également des observations à faire au sujet de votre question.

**M. R. Y. Grey:** Monsieur le président, il se pourrait fort que le projet de loi présenté ailleurs soit très semblable à celui que nous recommanderait notre Comité, si c'est là le résultat de nos délibérations. Je crois que, dans tout débat, ceux qui parlent au nom du gouvernement, auront du mal à identifier les modifications dans l'avant-projet de loi qui sont différentes de celles recommandées par le Comité. C'est pourquoi j'ai mentionné le problème de la version française, par opposition à la version anglaise, pour attirer votre

[Text]

those points we would to consider after this Committee had finished its deliberations.

**The Chairman:** Are you satisfied, Mr. Gillespie?

Clause agreed to.

Clause 25 as amended agreed to.

Clauses 26 to 29 inclusive agreed to.

**The Chairman:** As recommended clause 30 is deleted.

Clause 31 agreed to.

Clause 32 as amended agreed to.

On clause 33—*Duties a debt to Her Majesty*.

**Mr. Gillespie:** This, I think, is the clause that Mr. Grey is going to report on.

**Mr. R. Y. Grey:** Mr. Chairman, on this particular clause I would hope that the Committee could leave it. This is a very complicated question of law, but we will look into it and the result of our deliberations will appear in the Bill. Attention will be drawn by someone speaking for the government to the conclusion we have reached, as to how to deal with the very real problem Mr. Gillespie has identified. I do not think there is any problem of substance here; there is a very complicated problem of drafting.

**The Chairman:** Is that agreeable to you, Mr. Gillespie?

**Mr. Gillespie:** Yes, Mr. Chairman.

Clause 33 agreed to.

Clause 34 as amended agreed to

On Clause 35—*Regulations*

**Mr. Lambert (Edmonton West):** Here again. I would like to have the tabling as we had for the Regulations to be made by the Tribunal, that the Governor in Council would table any regulations it may make under this clause. These omnibus delegations of power to the Governor in Council, I like to place some sort of check on them. This is a standard request that I make on every bill, if I may say so, Mr. Chairman.

May I say that within the past two or three years the government has been very accommodating in that way in accepting the requirement that these regulations shall be tabled. I know that they are published in Order in Council, but what we want is to have them tabled.

**The Chairman:** Are there any comments from the government officials?

**Mr. R. Y. Grey:** Mr. Chairman, I think that section 7 of the Regulations Act deals with

[Interpretation]

attention sur les points que nous aurions à étudier après la fin de nos délibérations.

**Le président:** Êtes-vous satisfait, monsieur Gillespie?

L'article est adopté.

Article 25 modifié, adopté.

Articles 26 à 29 inclus adoptés.

**Le président:** Comme on l'a recommandé, l'article 30 est supprimé.

Article 31 adopté.

Article 32 modifié, adopté.

Sur l'article 33—*Les droits constituent une dette due à Sa Majesté*.

**M. Gillespie:** C'est sur cet article, je crois, que monsieur Grey va faire un rapport.

**M. R. Y. Grey:** En ce qui concerne cet article particulier, monsieur le président, j'espère que le Comité peut le laisser en suspens. C'est un point de loi des plus complexes. Nous l'étudierons, et le résultat de nos délibérations sera publié dans le projet de loi. Quelqu'un parlant au nom du gouvernement attirera l'attention sur nos conclusions sur la façon de résoudre le problème très réel qu'a soulevé M. Gillespie. Je ne pense pas qu'il y ait un problème de fond ici, mais plutôt un problème très difficile de rédaction.

**Le président:** Cela vous convient-il, monsieur Gillespie?

**M. Gillespie:** Oui, monsieur le président.

Article 33 adopté.

Article 34 modifié, adopté.

Sur l'article 35—*Règlements*.

**M. Lambert (Edmonton-Ouest):** Dans ce cas, comme dans celui des règlements établis par le Tribunal, je voudrais que le gouverneur en conseil soit tenu de déposer tous les règlements qu'il pourrait établir en vertu de cet article. Ces délégations générales de pouvoir au gouverneur en conseil, j'aime à ce qu'on les contrôle de plus près. C'est une condition que je demande régulièrement pour tous les projets de loi, monsieur le président.

D'ailleurs, je dois dire qu'au cours des deux ou trois dernières années, le gouvernement a été très accommodant de ce point de vue-là, et a accepté cette condition imposant que les règlements soient déposés. Je sais qu'ils sont publiés comme arrêtés ministériels, mais ce que nous voulons c'est qu'ils soient déposés.

**Le président:** Les représentants du gouvernement ont-ils des observations à faire?

**M. R. Y. Grey:** Monsieur le président, je pense que l'article 7 de la Loi sur les règle-



[Texte]

this problem, at least it seems to on first reading. It says:

7. Every regulation shall be laid before Parliament within fifteen days after it is published in the *Canada Gazette* or, if Parliament is not then in session, within fifteen days after the commencement of the next ensuing session.

**Mr. Lambert (Edmonton West):** That is the regulation, then is there not an exemption?

**Mr. R. Y. Grey:** That is right.

**Mr. Lambert (Edmonton West):** I do not want that exemption.

**Mr. R. Y. Grey:** Would it meet your point if it were to say "and shall be published in the *Canada Gazette*" because that would automatically mean then that it is a regulation which under the Regulations Act has to be tabled? I am advised that that would be correct.

• 1110

**Mr. Lambert (Edmonton West):** Mr. Chairman, I am sorry, but publication in the *Canada Gazette* does not meet what I want. I want them tabled in the House because we are developing through the administrative officers of the House, that is the table officers, a cumulative index of documents tabled by the Ministry, so that we can quickly find what has been done. At the moment these can be easily lost unless you comb everything yourself.

Such things as orders for return, unless you go through Votes and Proceedings issue by issue, you cannot find out whether it was ever done. This is being done; an index is being worked upon and will be instituted before too long. These things will then appear as having been tabled and we will have an indication.

**Mr. R. Y. Grey:** I think we could meet the point made by Mr. Lambert by renumbering existing clause 35, as 35 (1) and have a sub-clause which would read:

Every regulation made under subsection (1) shall be laid before Parliament within fifteen days after it is made or, if Parliament is not then in session, within fifteen days after the commencement of the next ensuing session.

Clause 35 as amended agreed to

Clause 36 agreed to.

On Clause 37—*Surtax in certain conditions:*

[Interprétation]

ments traite de ce problème, du moins à première vue. On y dit:

7. Tout règlement doit être soumis au Parlement dans les quinze jours qui suivent sa publication dans la *Gazette du Canada* ou, si le Parlement n'est pas alors en session, dans les quinze jours après l'ouverture de la session suivante.

**M. Lambert (Edmonton-Ouest):** Ceci est la règle, mais n'y a-t-il pas d'exception?

**M. R. Y. Grey:** Si.

**M. Lambert:** Je ne veux pas d'exception.

**M. R. Y. Grey:** Cela vous satisferait-il si l'on disait: «et doit être publié dans la *Gazette du Canada*, puisque cela signifierait alors automatiquement que ce règlement doit, aux termes de la Loi sur les règlements, être déposé à la Chambre? On me dit que c'est exact.

**M. Lambert (Edmonton-Ouest):** Monsieur le président, je regrette, mais la publication dans la *Gazette du Canada* ne répond pas à mes exigences. Je veux que les règlements soient déposés à la Chambre, car nous sommes en train de compiler, avec l'aide du personnel administratif de la Chambre, un index des documents déposés par le Cabinet, ce qui nous permettra de retrouver rapidement ce qui a été fait. A l'heure actuelle, il est difficile de les retrouver à moins de tout fouiller soi-même.

Par exemple, il est impossible de savoir s'il y a eu ordre de dépôt de documents à moins de consulter tous les Procès-verbaux un par un. On travaille maintenant à la compilation de cet index et il sera institué sous peu. On aura alors la liste de tous les documents déposés.

**M. R. Y. Grey:** Je pense que nous pourrions résoudre le problème soulevé par M. Lambert en donnant au présent article 35, le numéro 35 (1) et en ajoutant un second paragraphe qui stipulerait:

Tout règlement établi en vertu du paragraphe (1) doit être soumis au Parlement dans les quinze jours qui suivent son établissement ou, si le Parlement n'est pas alors en session, dans les quinze jours après l'ouverture de la session suivante.

Article 35 modifié adopté.

Article 36 adopté.

Article 37: «*Surtaxe dans certaines circonstances . . .* »

## [Text]

**Mr. Gray:** Mr. Chairman, I think the officials want to make a suggestion with regard to the very last portion of clause 37.

**Mr. R. Y. Grey:** Mr. Chairman, this is the point about the 180 day rule. We would suggest that the proposed new section 7(1c) to the Customs Tariff as contained in clause 37 on page 98 of the White Paper, read as follows:

When any order is made under subsection (1a) the order shall cease to have any force or effect with respect to any period following the 180th day from its making or, unless Parliament has not been sitting, the fifteenth day after Parliament commences to sit, unless before that day the order is approved by Parliament.

I think that meets the technical difficulty of the previous draft.

**The Chairman:** Gentlemen, are there any comments on that proposed amendment to clause 37?

Clause 37 as amended agreed to.

**M. Trudel:** Après 15 jours, les effets seront les mêmes.

**The Chairman:** I think the next recommendation in the amendments before you is a new clause.

On Clause 38—*Appeals under other Acts*.

**Mr. R. Y. Grey:** Mr. Chairman, the proposed new clause 38 deals with the necessary amendments to the Tariff Board Act. I did mention these at some point in your proceedings, that we had neglected to make the necessary consequential amendments. These are not of any substance; they deal with procedural requirements in the Tariff Board Act.

**The Chairman:** Mr. Grey, the present clause 38 would then be another clause.

**Mr. Gray:** It will be clause 39.

**The Chairman:** Clause 38 in the amendment document does not represent clause 38 in the White Paper?

**Mr. R. Y. Grey:** No.

New Clause 38 agreed to.

Old Clause 38 agreed to.

On Clause 1—

**Mr. Lambert (Edmonton West):** I would like to make a comment on clause 1, Mr. Chairman, as a closing comment for the record.

## [Interpretation]

**M. Gray:** Monsieur le président, je pense que les fonctionnaires voudraient faire une proposition au sujet de la dernière partie de l'article 37.

**M. R. Y. Grey:** Monsieur le président, il s'agit de la règle des 180 jours. Nous proposons que le nouveau paragraphe (1c) que l'on a proposé d'ajouter à l'article 7 du Tarif des douanes, et qui figure à l'article 37, à la page 98 du Livre blanc, se lise comme suit:

Lorsqu'une ordonnance est établie en vertu du paragraphe (1a), l'ordonnance cesse d'avoir effet relativement à toute période postérieure au 180<sup>e</sup> jour après qu'elle a été rendue ou, à moins que le Parlement n'ait pas siégé, au quinzième jour après que le Parlement a commencé à siéger, à moins qu'avant cette date l'ordonnance ne soit approuvée par le Parlement.

Il me semble que ceci résout la difficulté technique que posait l'énoncé précédent.

**Le président:** Avez-vous des observations à faire, messieurs, sur la modification de l'article 37 qui vient d'être proposé?

Article 37 modifié adopté.

**Mr. Trudel:** After fifteen days the effects will be the same.

**Le président:** Je pense que la recommandation suivante, parmi les modifications proposées, est un nouvel article.

Article 38: «*Appels en vertu d'autres lois*»...

**M. R. Y. Grey:** Monsieur le président, l'article 38 proposé traite des modifications à apporter à la Loi sur la Commission du tarif. J'ai dit à un moment donné, lors de vos délibérations, que nous avions négligé de faire les modifications nécessaires qui en découlent. Elles ne sont pas importantes; elles traitent simplement des exigences de procédure de la Loi sur la Commission du tarif.

**Le président:** Donc, monsieur Grey, l'article 38 actuel porterait un autre numéro?

**M. Gray:** Il deviendra l'article 39.

**Le président:** L'article 38 dans les modifications ne correspond pas à l'article 38 du Livre blanc?

**M. R. Y. Grey:** Non.

Nouvel article 38 adopté.

Ancien article 38 adopté.

Article 1. . .

**M. Lambert (Edmonton-Ouest):** Je voudrais faire une observation sur l'article 1, monsieur le président, avant de terminer.



[Texte]

**Mr. Burton:** Mr. Chairman, I wanted to make a comment on one other clause.

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**The Chairman:** Which one?

**Mr. Burton:** Clause 16 please. Earlier in the hearings I raised the point that while in a good many other instances when there is a preliminary determination of dumping and also an investigation initiated, this is published in the *Canada Gazette*, but I noted that there is no provision requiring that the findings of the Tribunal be published in the *Canada Gazette*. I understood at the time that this matter was going to be taken under advisement.

I do note, of course, the revised clause 32 which does provide for an annual report, but in fact this could mean a period of 15 months plus before there was any requirement of publication of the findings of the Tribunal.

I would just like to ask why there was not a change. I thought it was generally agreed that this provision would be written into this clause to ensure that it was parallel with other legislation involving references to the *Canada Gazette*.

**Mr. R. Y. Grey:** Mr. Chairman, I do think we dealt with this point yesterday. It is quite clear to me that we are obligated under the Code for these findings to be made public. I think that yesterday we dealt with the fact that the Tribunal has the right to make its rules and proceedings subject to approval by the Governor in Council and to be tabled in Parliament.

This is one of the rules that it would have to make, that its findings be published, in order for Canada to comply with the Code. There is a quite clear obligation in the Code on this point.

**The Chairman:** Is that agreeable to you Mr. Burton?

**Mr. Burton:** Yes that is fine.

**Mr. Lambert (Edmonton West):** I wanted to make comment that there has been a good deal of work done on preparing the Code and refining it, but I think that this will be a complete nullity in so far as protecting Canadian industry from injurious dumping if the administration of this proposed Bill is not the most efficacious.

This, I think, is going to be the main problem, that means will be provided to the Department of National Revenue, the Deputy Minister and the officials of that Department,

[Interprétation]

**M. Burton:** Monsieur le président, je voudrais faire une observation sur un autre article.

**Le président:** Lequel?

**M. Burton:** L'article 16. Au début de nos audiences, j'ai dit que, alors que dans bien des cas où l'on détermine à l'avance qu'il y a eu dumping et où une enquête est menée, la chose est publiée dans la *Gazette du Canada*, il n'y a aucune disposition qui exige que les conclusions du Tribunal soient publiées elles aussi dans la *Gazette du Canada*.

Je pensais à l'époque que l'on allait étudier la question. Je sais, bien sûr, que l'article 32 révisé demande la présentation d'un rapport annuel. Mais cela pourrait représenter une période de quinze mois au moins avant qu'on demande la publication des décisions du Tribunal.

Je voudrais donc demander pourquoi il n'y a pas de modification. Je pensais que cette disposition serait ajoutée à cet article afin d'assurer qu'elle soit semblable aux autres mesures législatives qui comportent des rapports à la *Gazette du Canada*.

**M. R. Y. Grey:** Monsieur le président, je pense que nous avons étudié cette question hier. Le Code nous oblige à publier ces décisions. Hier, nous avons dit que le Tribunal a le droit d'établir ses règles et procédures, à condition que cela soit approuvé par le gouverneur en conseil et déposé au Parlement. Cette publication de ses décisions est une règle qu'il devrait établir, pour que le Canada se conforme au Code, car le Code l'y oblige clairement.

**Le président:** Cela vous satisfait-il, monsieur Burton?

**M. Burton:** Oui, c'est bien.

**M. Lambert (Edmonton-Ouest):** Voici mon commentaire. On a beaucoup travaillé pour préparer le Code et le rendre plus subtil, mais je pense que cela ne contribuera nullement à protéger l'industrie canadienne du dumping préjudiciable si l'application du projet de loi n'est pas des plus efficace.

Dans le premier cas je pense que le principal problème sera de fournir au ministère du Revenu national, au sous-ministre et aux fonctionnaires de ce ministère, les moyens pour que le ministère puisse réagir rapide-

[Text]

in the initial instance so there can be quick reaction by the Department. Second, that the appeal Tribunal or the Anti-dumping Tribunal, I should say, will also be able to act expeditiously because protracted investigations and what have you may result ultimately in dumping duty being collected but that is of no solace whatsoever to any industry or members of the Canadian public who have had to receive injurious blows in the interval, blows from which many of them may not be able to recover.

**The Chairman:** Mr. Lambert I am sure that our Committee in its report to the House of Commons will make such recommendations. Most of the briefs or submissions presented before this Committee contained those two recommendations that the Tribunal act with speed, and that the Department of National Revenue have the staff necessary to look after the new anti-dumping law. Yes, Mr. Gray.

**Mr. Gray:** I think what Mr. Lambert has said reflects the view of all of the members of the Committee, representing all the parties of the House. It seems to me Mr. Chairman that it is the aim of the Canadian government once authorized to do so by the passage by Parliament of the proposed law to move the apply dumping duties quickly and effectively when dumping causes or threatens injury to Canadian industry. I am sure that while this is already the aim, the comments made in this Committee will serve to strengthen the resolve of the government in this regard.

● 1120

**The Chairman:** Are there any other comments, gentlemen, before we adopt Clause 1?

Clause agreed to.

**Mr. Gray:** Gentlemen I do not think technically we are quite finished.

**The Chairman:** No. I know that.

**Mr. Gray:** I see one of our colleagues preparing to leave.

**The Chairman:** Yes, we have to prepare a report to be returned to the House of Commons.

**Mr. Gray:** I do not think it will take us long Mr. Chairman. I think that we have a good idea of the format we should use. I would like to suggest that we go into closed session but we invite the officials to remain with us in case any technical questions should arise.

Before going into closed session, I think that I can reflect the views of the members of

[Interpretation]

ment. Dans le deuxième cas, le problème sera que le Tribunal d'appel ou Tribunal d'anti-dumping puisse aussi agir de façon rapide et expéditive, car même si les enquêtes prolongées finissent par permettre la perception du droit de dumping, ce n'est pas une consolation pour le public canadien et l'industrie qui ont dû en souffrir entre-temps; certains ne pourront peut-être jamais se remettre de ces coups.

**Le président:** Monsieur Lambert, je suis sûr que notre Comité fera cette recommandation à la Chambre. La plupart des mémoires ou exposés présentés au Comité, contenaient les deux recommandations suivantes: que le Tribunal agisse avec célérité et que le ministère du Revenu national ait le personnel voulu pour s'occuper de cette nouvelle loi antidumping. Oui, monsieur Gray.

**M. Gray:** Je crois que ce que M. Lambert a dit reflète l'opinion de tous les membres du Comité qui représentent tous les partis à la Chambre, et je pense, monsieur le président, que c'est l'objectif du gouvernement du Canada, qui, une fois la loi adoptée par le Parlement, sera autorisé à le faire, d'appliquer les droits de dumping rapidement et efficacement, lorsque cela cause ou menace de causer des préjudices à l'industrie canadienne. C'est déjà le but, mais les commentaires faits au Comité permettront d'affermir la résolution du gouvernement dans ce domaine.

**Le président:** Avez-vous d'autres commentaires, messieurs, avant d'adopter l'article n° 1?

L'article 1 est adopté.

**M. Gray:** Messieurs, je pense que techniquement, nous n'avons pas tout à fait fini.

**Le président:** Non, je sais.

**M. Herb Gray:** Je vois qu'un de nos collègues se prépare à partir.

**Le président:** Nous devons préparer un rapport qui sera remis à la Chambre des communes.

**M. Gray:** Ce ne sera pas très long, monsieur le président, car nous avons une bonne idée de la formule. J'aimerais proposer que nous siégions à huis clos, mais nous invitons les fonctionnaires à demeurer avec nous au cas où il surviendrait des difficultés techniques.

Avant de siéger à huis clos, je voudrais d'abord, aux noms des membres du Comité,



[Texte]

the Committee, first in thanking you for your courtesy and patience during these lengthy and complicated hearings, and second in thanking the officials of the various departments who have been so helpful to us in understanding this very complicated matter; not to mention our Clerk and the staff of the Committees Branch who have provided us with the supporting administrative services.

Perhaps with this experience of the continuation of the Committee that did a lot of constructive work in the last Parliament we have also shaken down as a group with some new members and we are now in a position to go forward, I am sure, to further achievement.

**The Chairman:** I am pleased gentlemen to endorse the remarks just made by Mr. Herb Gray and I would also include in my thanks those who submitted briefs and the people from the private sector or the public sector who made their recommendations before this Committee. May I again thank the government officials from the Department of National Revenue, the Department of Finance and the other departments that helped you gentlemen give us the replies to our questions. Also thank you very much members of the Committee.

**Mr. Gray:** Mr. Chairman, I presume it is your wish that all those here, with the exception of members of the Committee, the staff and the officials should leave so we can put our report in final form.

**The Chairman:** My thanks also to some of the very, very faithful people who have attended most of these committee meetings either from the press or from the private and public sectors.

Yes, Mr. Roberts?

**Mr. Roberts:** Mr. Chairman, I do not wish to disrupt the Committee but just on a point of information which puzzles me: why is it that we ask everyone else to leave?

**The Chairman:** That is the usual practice when we prepare our report Mr. Roberts.

**Mr. Roberts:** The House of Commons conducts business and never asks people to leave.

**Mr. Gray:** Well, this is not the House of Commons. Mr. Chairman, other committees when they have conducted their final deliberations on the subject matter have conducted them all in closed session, in camera session, this Committee adopted a different practice, feeling that the formal debate and discussion

[Interprétation]

vous remercier de votre courtoisie et de votre patience au cours ces audiences longues et compliquées. Je remercie aussi les fonctionnaires des divers ministères qui nous ont aidés à comprendre cette question très complexe et je ne voudrais pas oublier le secrétaire et le personnel de la direction des comités qui nous ont assurés les services administratifs de soutien. Forts de l'expérience du Comité qui avait accompli beaucoup de travail positif au cours de la dernière session, nous avons formé un groupe comprenant quelques nouveaux députés et nous sommes en mesure, je pense, d'atteindre de nouveaux sommets.

**Le président:** Je suis heureux d'appuyer les observations de M. Gray, et je voudrais y inclure mes remerciements à ceux qui ont présenté des mémoires et aux représentants du secteur public qui ont fait leurs recommandations au Comité. Je remercie de nouveau les fonctionnaires des ministères du Revenu national et des Finances, et des autres ministères qui nous ont aidés, messieurs, et qui nous ont conseillés à répondre à nos questions. Merci beaucoup aussi, messieurs les membres du comité.

**M. Gray:** Monsieur le président, je suppose que les autres devraient quitter la pièce maintenant, sauf les membres du Comité, le personnel et les fonctionnaires, pour que nous puissions terminer notre rapport.

**Le président:** Je remercie tous ceux qui ont assisté fidèlement à la plupart des réunions du Comité, que ce soit les journalistes ou les personnes des secteurs public et privé.

Oui, monsieur Roberts?

**M. Roberts:** Monsieur le président, je ne voudrais pas déranger les plans du Comité, mais à titre d'information, pourquoi leur demandons-nous de partir?

**Le président:** C'est la coutume lorsque nous préparons notre rapport, monsieur Roberts.

**M. Roberts:** La Chambre des communes mène des affaires et ne demande jamais à personne de partir.

**M. Gray:** Ici ce n'est pas la Chambre des communes. Monsieur le président, lorsque les autres comités ont leur dernière séance, il s'agit toujours de séances à huis clos. Le présent Comité a adopté une pratique différente. Nous avons pensé que toutes les discussions devraient être publiques. Cependant, lorsqu'il

[Text]

should be done in open session. However, we have at the same time adopted the practice when we put the finishing touches on the report, which may include drafting of comments and that sort of thing, of doing this in closed session.

It is easier to draft rather than debate a text of a bill when we are meeting in closed session because one member might propose a phrase and another member might say take this word out and so on. It is just easier to do that type of work as distinct from debate and discussion on a proposal itself when the proposal is in the form of a bill which really the proposal before us is.

As I say, what we are doing is not making our sessions more closed, actually we are operating more openingly than most other Committees have in the past who have considered subject matter of this type, which have actually carried out their debate on bills in closed session. This is something we do not do in this Committee, or we have not up until now.

**The Chairman:** Anyway the final report will be made public.

**Mr. Roberts:** Of course I accept the explanation, I was just puzzled by the procedure.

**The Chairman:** It is not a new venture.

**Mr. Roberts:** No, no. Even some old ventures upon occasion, Mr. Chairman, are...

**The Chairman:** I know that, but your caucuses are in private too. You do not invite the press. Maybe they have information, but I do not know.

**Mr. Roberts:** Caucus is a party gathering, this is a Parliamentary gathering.

• 1125

**Mr. Gray:** I want to make clear that we have more open discussion and debate on substance than most other committees. It has been our experience that it is more useful to prepare a text, in so far as we are going to do that, in closed session.

I think the Chairman will agree with me, and perhaps I can speak more freely than he may wish to as Chairman, that our closed sessions have in the past been kept to a minimum and have been far less in number than those of other committees.

**The Chairman:** I will cite one committee, Mr. Roberts, the Procedure Committee did not sit often in public. Is it agreeable to you gentlemen that we sit in camera?

**Some hon. Members:** Agreed.

*In Camera*

[Interpretation]

s'agit de préparer notre rapport, de rédiger nos commentaires, etc., c'est plus facile de travailler à huis clos.

Il est plus facile de rédiger que de discuter le texte d'un projet de loi lorsque nous travaillons à huis clos, car un député pourrait proposer une phrase, l'autre vouloir la retrancher, etc. C'est différent d'un débat et d'une discussion sur une proposition, et c'est plus facile lorsque la proposition est sous forme de projet de loi.

Comme je l'ai déjà dit, il ne s'agit pas d'être si secret car je pense que nous avons eu des séances publiques plus que les autres comités qui ont étudié des questions de cette nature. La plupart de ces comités ont discuté les bills à huis clos et nous ne l'avons pas fait.

**Le président:** Le rapport définitif sera public.

**Mr. Roberts:** J'accepte votre explication, mais c'est la procédure qui m'étonne.

**Le président:** Ce n'est pas nouveau.

**Mr. Roberts:** Non, non, monsieur le président, mais les vieilles coutumes mêmes sont parfois...

**Le président:** Je sais cela, mais vos caucuses sont privés aussi. Vous n'invitez pas les journalistes. Ils sont peut-être renseignés de toute façon.

**Mr. Roberts:** Un caucus est une réunion des membres de parti, non une réunion du Parlement.

**Mr. Herb Gray:** Nos discussions et nos débats ont été plus ouverts que ceux des autres comités, mais il semble qu'il est plus utile de préparer un texte à huis clos.

Le président le dira comme moi, je puis peut-être parler plus librement parce que lui est lié par son poste de président, mais nous avons très peu de séances à huis clos. Nous en avons beaucoup moins que les autres comités.

**Le président:** Je citerai un comité, monsieur Roberts, Le Comité de la procédure n'a presque jamais de séances ouvertes au public.

Est-ce que cela vous convient, messieurs, que nous commençons à siéger à huis clos?

**Des voix:** D'accord.

*Huis clos*



## APPENDIX QQ

STATEMENT  
BY THE  
APPAREL MANUFACTURERS COUNCIL  
OF CANADA

NOVEMBER, 1968

APPAREL MANUFACTURERS COUNCIL  
OF CANADA

460 Richmond St. West Toronto 2B, Ontario

1. We appreciate this opportunity to present to the Standing Committee on Finance, Trade and Economic Affairs, the view of the Apparel Manufacturers Council of Canada on the proposed Anti-dumping Act. In our opinion this is one of the most important matters arising from the Kennedy Round of Negotiations under the General Agreement on Tariff and Trade. The importance of anti-dump legislation to the apparel industry in Canada is as a result of our proximity to the United States of America and our experience on the dumping practices into the Canadian market by the apparel industry in the United States.

2. At the outset we believe that compliments should be extended to the person or persons responsible for the preparation of this draft legislation. A submission was made by this association in November of 1967 and the translation of the Anti-dumping Code into draft legislation obviously gave consideration to many of the points that were brought to the attention of government by industry generally and the apparel industry in particular.

3. The intent of Anti-dump Legislation is to prohibit or restrict discriminatory or predatory trade practices.

4. The importance of this legislation to the Canadian economy was recognized by the government of the day and a clear statement by the then Minister of Finance, the Hon. Mitchell Sharp, on July 10, 1967 when discussing the results of the Kennedy Round of Negotiations emphasizes this fact—

“Another element of the Kennedy Round Package for Canada was the code to govern the application of Anti-dumping duties. This code is very important to Canada because our great industrial neighbours, to the south, to the east and to the west, sometimes try to dump their goods into Canada. For that reason, we have had Anti-dumping laws longer than any other country. They were introduced in 1904 by a very great Liberal Minister

## APPENDICE QQ

MÉMOIRE DE  
APPAREL MANUFACTURERS COUNCIL  
OF CANADA

NOVEMBRE 1968

APPAREL MANUFACTURERS COUNCIL  
OF CANADA460 OUEST, RUE RICHMOND  
TORONTO 2B (ONTARIO)

1. Nous sommes heureux qu'on nous permette de présenter au Comité permanent des finances, du commerce et des questions économiques l'opinion de l'*Apparel Manufacturers Council of Canada* au sujet de la Loi antidumping. Nous croyons que c'est là une des questions les plus importantes découlant des négociations Kennedy dans le cadre de l'Accord général sur les tarifs douaniers et le commerce. L'importance de la loi antidumping pour l'industrie du vêtement au Canada vient de notre voisinage avec les États-Unis et de ce que nous savons du dumping pratiqué au Canada par l'industrie du vêtement des États-Unis.

2. Pour commencer, nous tenons à féliciter les personnes qui ont rédigé ce projet de loi. En novembre 1967, notre association a présenté un exposé de faits et le passage du Code antidumping au projet de loi a été fait compte tenu de plusieurs des arguments qui ont été portés à l'attention du gouvernement par l'industrie en général et par l'industrie du vêtement en particulier.

3. L'objet de la loi antidumping est d'interdire ou de restreindre les pratiques commerciales discriminatoires ou les incursions chez nous.

4. L'importance de cette loi pour l'économie canadienne a été reconnue par le gouvernement du jour; une déclaration sans ambiguïté du ministre des Finances d'alors, l'hon. Mitchell Sharp, le 10 juillet 1967, lorsque celui-ci commentait les résultats des négociations Kennedy, met ce point en lumière:

“Autre élément favorable au Canada dans l'ensemble du Kennedy Round, il y a le Code régissant l'application de droits antidumping. Ce Code est très important aux Canadiens parce que nos puissants voisins industriels au sud, à l'est et à l'ouest tendent quelquefois à déverser leurs marchandises au Canada. C'est pourquoi nous avons des lois antidumping depuis plus longtemps que tout autre pays. Ces lois ont été présentées en

of Finance and a Great Maritimer, the Hon. W. S. Fielding. The anti-dumping duty was introduced by him to make high tariffs less necessary. It has played that role in Canada and must continue to do so. Effective protection against dumping makes it practical to have lower tariffs against normal imports. I should like to reiterate that where dumping threatens injury to Canadian producers, your government intends to see to it that in Canada, Anti-dumping Duties are quickly and effectively applied".

5. We do not intend to comment on the International Dumping Code negotiated at Geneva in 1967 other than to say that it is obvious that Canada has found it necessary to change their legislation which at present governs dumping practices to comply with the intent and the letter of the International Dumping Code. We believe that it is important to this country that others engaged in international trade should similarly apply the principles of the International Anti-dumping Code by changing their legislation in this important area.

6. The United States has apparently taken a somewhat different approach to the application of Dumping Duty and we include here an excerpt from a publication dated October 24, 1968 titled "Administration of the Antidumping Act, 1921".

"Determinations under the Antidumping Act, 1921

SEC. 201. (a) Nothing contained in the International Antidumping Code, signed at Geneva on June 30, 1967, shall be construed to restrict the discretion of the United States Tariff Commission in performing its duties and functions under the Antidumping Act, 1921, and in performing its duties and functions under such Act the Secretary of the Treasury and the Tariff Commission shall—

(1) resolve any conflict between the International Antidumping Code and the Antidumping Act, 1921, in favor of the Act as applied by the agency administering the Act, and

(2) take into account the provisions of the International Antidumping Code only insofar as they are consistent with the Antidumping Act, 1921, as applied by the agency administering the Act.

(b) No later than August 1, 1969, the President shall submit to the House of Representatives and the United States Senate a

1904 par un très grand ministre des finances libéral et un grand citoyen des Maritimes, l'hon. W. S. Fielding. Il introduisit le droit antidumping afin de diminuer la nécessité de hausser les tarifs.

Le Code a rempli ce rôle au Canada et il doit continuer de le faire. Une protection efficace contre le dumping fait en sorte qu'il est pratique d'avoir des tarifs plus bas sur les importations normales. Je répète que là où le dumping menace les producteurs canadiens, votre gouvernement entend bien qu'au Canada des droits antidumping seront appliqués rapidement et efficacement.

5. Nous n'avons pas l'intention de commenter le Code international antidumping négocié à Genève en 1967, sauf pour dire qu'il est bien évident que le Canada a jugé nécessaire de changer sa loi qui présentement régit les pratiques de dumping afin de se conformer à l'esprit et à la lettre du Code international antidumping. Je crois qu'il est important à notre pays que les autres qui font des échanges internationaux appliquent de même façon les principes du Code international antidumping en modifiant leur législation dans cet important domaine.

6. Les États-Unis semblent avoir adopté une méthode quelque peu différente pour appliquer les droits antidumping et nous reproduisons ici un extrait d'une publication portant la date du 24 octobre 1968 et intitulée: «Administration of the Antidumping Act, 1921».

«Déterminations en vertu de la Loi antidumping de 1921:

ART. 201 a) Aucune disposition contenue dans le Code international antidumping, signé à Genève le 30 juin 1967, ne sera censée restreindre la liberté de la Commission du tarif des États-Unis de remplir ses devoirs et fonctions en vertu de la Loi antidumping de 1921, et en accomplissant les devoirs et fonctions susdites en vertu de la Loi, le secrétaire au Trésor et la Commission du tarif doivent:

(1) régler tout conflit apparaissant entre le Code international antidumping et la Loi antidumping de 1921 de façon favorable à la Loi comme elle est appliquée par l'organisme d'application de la loi, et

(2) prendre en considération les dispositions du Code international antidumping seulement dans la mesure où elles sont conformes à la Loi antidumping de 1921, comme elle est appliquée par l'organisme d'application de la loi.

b) Dès le 1<sup>er</sup> août 1969, le président devra présenter à la Chambre des représentants et au Sénat des États-Unis un rapport cou-



report for the period beginning on July 1st, 1968, and ending on June 30th, 1969, which shall—

(1) set out the text of all determinations made by the Secretary of the Treasury and the United States Tariff Commission under the Antidumping Act, 1921, in such period;

(2) analyze with respect to each determination in such period the manner in which the Antidumping Act, 1921, has been administered to take into account the provisions of the International Antidumping Code;

(3) summarize antidumping actions taken by other countries in such period against United States exports and relate such actions to the provisions of the International Antidumping Code; and

(4) include such recommendations as the President determines appropriate concerning the administration of the Antidumping Act, 1921."

7. It is important in our opinion that Canada should refrain from passing legislation that would implement the International Antidumping Code until other countries are prepared and indicate their intentions to revise their legislation and give a firm commitment as to the date of such revision.

8. The success of the Antidumping Legislation depends entirely upon the administration of the New Act by the Customs and Excise Division of the Department of National Revenue. Our past experience with the application of the present Anti-dump Legislation has been most unsatisfactory. When complaints have been brought to the attention of the Department the matter has been taken under investigation and the time of such investigation has been excessive, as explained to us by the lack of sufficient staff in many foreign countries for efficient and timely investigation. To our knowledge there is one Department of National Revenue Customs Representative in the whole of the Far East area, one in Great Britain and one in Belgium for Western European countries. This certainly indicates a lack of sufficient staff to efficiently carry out investigations.

9. The fairly recent change in administrative procedure in the Administration and Appraisal Division of the Department of National Revenue gives us concern as to their ability to function efficiently dealing with Anti-dump again. Our understanding is that regional offices have been set-up by the Department instead of the central registry in Ottawa which previously had been the case and that now entries are not sent to Ottawa

vrant la période du 1<sup>er</sup> juillet 1968 au 30 juin 1969, rapport qui:

(1) expose le texte de toutes les décisions prises par le Secrétaire au Trésor et la Commission du tarif des États-Unis en vertu de la Loi antidumping de 1921 durant cette période;

(2) analyse, par rapport à chaque décision prise durant cette période, la façon dont la Loi antidumping de 1921 a été administrée afin de tenir compte des dispositions du Code international antidumping;

(3) résume les mesures antidumping prises par les autres pays durant cette période contre les exportations des États-Unis et rattacher ces mesures aux dispositions du Code international antidumping; et

(4) comprend les recommandations que le président juge convenables concernant l'administration de la Loi antidumping de 1921.»

7. Il importe, croyons-nous, que le Canada s'abstienne de légiférer de façon à mettre en vigueur le Code international antidumping tant que d'autres pays ne seront pas prêts et n'auront pas indiqué qu'ils étaient prêts à reviser leur législation et à s'engager fermement quant à la date d'une telle révision.

8. Le succès de la législation antidumping repose entièrement sur l'application de la nouvelle loi par la Division des douanes et de l'accise du ministère du Revenu national. Notre expérience passée avec l'application de l'actuelle Loi antidumping n'a pas du tout été satisfaisante. Lorsque des griefs étaient portés à l'attention du Ministère, l'affaire était soumise à une enquête qui durait trop longtemps; on nous expliquait qu'il y avait pénurie de personnel dans plusieurs pays étrangers, ce qui nuisait à une enquête valable et achevée à temps. À notre connaissance, il n'y a qu'un seul représentant des douanes du ministère du Revenu national pour tout l'Extrême-Orient, un pour la Grande-Bretagne et un en Belgique pour tous les pays de l'Europe occidentale. Voilà qui démontre une insuffisance de personnel pour la réalisation efficace des enquêtes.

9. Le changement de procédure administrative effectué assez récemment à la Division de l'administration et de l'appréciation au ministère du Revenu national nous inquiète quant à l'aptitude de cette division à fonctionner efficacement à l'avenir en matière d'antidumping. Nous croyons comprendre que le Ministère a établi des bureaux régionaux au lieu d'un bureau central des registres à Ottawa, comme cela se faisait antérieurement, et que

for final approval before the importation is perfected.

10. The philosophy of the appraiser in the Customs Division of the Department of National Revenue has been in the past to lean backwards avoiding any action that could be questioned or appealed to a higher authority, by this we mean that if there were any area of doubt pertaining to the appraisal for dump or other reasons on imports the importer invariably received the benefit of the doubt as the appraiser did not wish to have his ruling referred to higher authority for possible revision either by the Deputy Minister or the Tariff Board.

11. It is our understanding that the present legislation adopts a philosophy completely contrary to the one outlined above giving every opportunity to the appraiser to levy provisional duty which can be removed and an investigation stopped at any level or at any time during the investigation if it is found that dumping did not occur or injury was not done.

12. It is important therefore that considerable stress be placed upon the need for efficient administration by the Department of National Revenue of Anti-dump Legislation.

13. In going through the sections of the draft legislation we come across the term "material injury". The definition of the word "material" is not given and it is therefore our belief that the definition must be flexible as the application of the term "material injury" in one case would not be the same as in others. Our original position, which we repeat, is that injury of any description should be sufficient to levy dump duty.

14. Throughout the proposed legislation there is reference to the regulations to be established. For instance, dealing with the time within which a complainant may appeal to the Tribunal. The specific reference is SEC. 13, Sub. Sec. 3, Paragraph B. Similarly SEC. 13, Sub. Sec. 5 dealing with other persons who may be notified of the decision of the Deputy Minister to initiate an investigation.

15. We find it very difficult to comment upon the legislation without seeing all of the accompanying regulations which will govern procedure and administration.

16. We note that in several sections, particularly SEC. 14, Sub-Sec. 1B that there is considerable discretion in the hands of the Deputy Minister to decide when and if an investigation should be terminated without the right of appeal by a complainant or an industry involved in the decision of the Depu-

les entrées sont maintenant envoyées à Ottawa pour approbation définitive avant que soit terminé le procédé d'importation.

10. L'appréciateur de la Division des douanes du ministère du Revenu national avait pour principe dans le passé d'éviter de prendre toute mesure qui pouvait être mise en doute ou faire l'objet d'un appel à une autorité supérieure; nous voulons dire par là que s'il y avait quelque élément de doute relativement à l'appréciation de dumping de produits d'importation ou pour d'autres raisons, invariablement l'importateur recevait le bénéfice du doute car l'appréciateur ne désirait pas que sa décision soit déferée à une autorité plus élevée, avec possibilité de révision par le sous-ministre ou la Commission du tarif.

11. Nous croyons comprendre que la loi actuelle adopte une philosophie tout à fait contraire à celle décrite ci-dessus, et qu'elle donne à l'appréciateur toute latitude de prélever un droit provisoire qui peut être supprimé, et qu'une enquête peut être arrêtée à tout niveau et en tout temps durant ses recherches s'il est découvert qu'il n'y a pas eu dumping ni préjudice.

12. Il importe donc de faire bien ressortir la nécessité d'une administration efficace de la loi antidumping par le ministère du Revenu national.

13. En examinant les articles du projet de loi, nous arrivons à l'expression «préjudice important». On ne donne pas la définition du mot «important», et nous croyons donc que la définition doit être flexible, puisque l'application de l'expression «préjudice important» dans un cas ne serait pas la même que dans d'autres. Notre position initiale, nous le répétons, c'est qu'un préjudice, quel qu'il soit, doit suffire à l'imposition d'un droit de dumping.

14. Dans toute la législation proposée, on parle des règlements à établir. Par exemple, lorsqu'on parle du délai dans lequel un plaignant peut s'adresser au tribunal. La mention précise se trouve à l'art. 13, paragraphe (3), alinéa b). Il en est de même de l'article 13, paragraphe (5) qui traite des autres personnes qui peuvent être avisées de la décision du sous-ministre de faire enquête.

15. Il nous paraît bien difficile de faire des commentaires sur l'ensemble de la loi sans voir tout le règlement qui régira la procédure et l'application.

16. Nous remarquons que dans plusieurs articles, surtout l'art. 14, par. 1 b), le sous-ministre dispose d'une grande liberté pour décider si une enquête doit être interrompue et quand, sans droit d'appel pour le du sous-ministre. Nous croyons que ce droit d'appel doit être conféré à quelque autre sour-



ty Minister. We believe that this right of appeal should be given to some source other than the Department of National Revenue itself.

17. As a general comment we are disturbed that under the proposed legislation it will be possible for an importation to be completely missed if it is dumped, with no recourse to apply dumping duty, except on subsequent imports. This absence of a retroactive feature could cause considerable damage particularly in the area of apparel dumped imports.

18. In conclusion, we believe we should repeat the importance of the administration of the legislation by the Department of National Revenue, Customs Division and our concern with the present ability of the department to perform efficiently due to lack of staff and secondly we would request an opportunity for further comment on the legislation when the Complete Regulations are prepared and are available.

19. In addition, we would like to emphasize that we believe that the Tribunal referred to in the legislation should conduct its hearings and investigations in as informal a manner as is possible under the circumstances, in order that industry representatives who do not have training in legal procedures can appear before the committee to present a case. This is not to indicate that there should not be rules of procedure but that hearings be as informal as possible.

All of the above respectfully submitted on behalf of THE APPAREL MANUFACTURERS COUNCIL OF CANADA.

#### APPENDIX RR

##### ATLANTIC PACKAGING COMPANY

Scarboro, Ontario

##### BRIEF ON IMPORTATION OF PAPER BAGS

For the past ten years or more, some paper grocery bags and carry-out sacs used by the supermarkets and independent grocery stores have been imported from the United States in competition with paper bags being manufactured in the Province of Ontario.

These bags were imported and sold at prices which were competitive with those manufactured in Ontario and even though in most cases they were being sold at slightly

ce qu'au ministère du Revenu national lui-même.

17. De façon générale, il nous inquiète de constater qu'en vertu du projet de loi il sera possible à une importation d'échapper complètement si elle est reconnue comme étant du dumping, parce qu'il ne sera possible d'appliquer un droit antidumping que sur les importations subséquentes. L'absence de la rétroactivité peut causer beaucoup de dommage, surtout dans les importations de vêtements sous-évalués.

18. Pour conclure, nous croyons que nous devons insister sur l'importance de faire appliquer la loi par le ministère du Revenu national, Division des douanes, et sur notre inquiétude quant à l'aptitude actuelle du Ministère à fonctionner efficacement en raison de la pénurie de personnel et, en second lieu, nous demandons qu'il nous soit encore donné de parler de cette législation lorsque le Règlement sera intégralement rédigé et disponible.

19. De plus, nous voulons insister sur le fait qu'à notre avis le Tribunal dont il est fait mention dans la loi devrait tenir ses audiences et ses enquêtes de façon aussi simple que possible dans les circonstances, afin que les représentants de l'industrie qui n'ont pas de formation en procédures légales puissent paraître devant le Comité pour présenter une cause. Cela ne veut pas dire qu'il ne doit pas y avoir de règles de procédure, mais que les audiences aient un caractère aussi officieux que possible.

Le tout respectueusement soumis au nom de THE APPAREL MANUFACTURERS COUNCIL OF CANADA

#### APPENDICE RR

##### ATLANTIC PACKAGING COMPANY

Scarboro, Ontario

##### Résumé sur l'importation des sacs de papier

Depuis dix ans ou plus, quelques sacs de papier d'épicerie et des sacs pour sortir utilisés par des marchés géants et des marchés indépendants ont été importés des États-Unis en compétition avec les sacs de papiers manufacturés dans la province d'Ontario.

Ces sacs ont été importés et vendus à des prix de concurrence avec ceux manufacturés en Ontario et même à quelques occasions à des prix un peu plus bas que nous, les fabri-

less than the price at which we as manufacturers could sell them, the only buyers were the small independent stores who bought from the importers.

About two years ago, the prices of these bags from the United States began to drop in price very rapidly to the point, where about a year ago, it would have been impossible for a paper bag manufacturer, such as ourselves to continue to pay the price of paper being charged by the mills, manufacture into bags and sell them at a profit.

At that time, therefore, the kraft bag paper mills reduced their price on paper by almost 10%. But although our prices were about 25% higher than the prices at which these bags could be imported, the supermarket chains saw fit not to buy any of the imported bags. The situation has since changed and they are now buying imported bags.

On October 1, 1968, the paper mills reduced their price of paper a further 5% and we reduced our price of paper bags about 15%, which meant that our prices were still about 10% higher than the imported bags.

May we furthermore state although for a are not being sold here at less than they are being sold in the home market in the United States.

May we furthermore stage although for a number of orders, this situation affected the Ontario market only. It has since affected both the Provinces of Quebec and the Maritimes where paper bags are also being imported at the present time.

Based on the prices that American bags are being laid down here and based on our cost of raw material, such as paper and adhesives, as well as direct labour, packaging costs, shipping and overhead, we must lose substantially on every bag of this kind that we ship out of our plant and I am sure that in view of our low overhead, this must be true of every other paper bag manufacturer as well.

The paper bag industry employs a substantial number of people which if the situation continues will be put out of work.

If the industry must stop manufacturing paper bags, then, of course, there will be no use for this type of bag paper from the paper mills. The paper mills then will have to shut down the machines making this type of paper and then they in turn will have to lay-off employees in the plant, office, truckers and woodsmen employed to make the kraft pulp which is used in the making of kraft paper.

cants pourrions les vendre, les seuls acheteurs étant les petits magasins indépendants qui achètent des importateurs.

A peu près deux ans passés, les prix de ces sacs des États-Unis ont commencé à baisser en coût très rapidement jusqu'au point où environ l'année dernière, il aurait été impossible pour un fabricant de sacs de papier, comme nous, de continuer de payer le prix du papier demandé par les papeteries, les manufacturer et les vendre à profit.

A ce temps là, par conséquent, les papeteries de sacs kraft ont réduit leur prix pour le papier de presque 10%. Mais, bien que nos prix étaient à peu près 25% de plus que les prix auxquels ces sacs pouvaient être importés, les chaînes de marché géant ont vu approprié d'acheter aucun de ces sacs importés. La situation a depuis changé et ils achètent maintenant des sacs importés.

Le 1<sup>er</sup> octobre 1968 les papeteries ont encore réduit leur prix pour le papier de 5% et nous avons réduit notre prix pour les sacs de papier d'à peu près 15%, ce qui voulait dire que nos prix étaient encore à peu près 10% de plus que les sacs importés.

Pouvons-nous déclarer que dans notre opinion ces sacs ne sont pas vendus ici pour moins qu'ils sont vendus dans leurs propres marchés aux États-Unis.

Pouvons-nous déclarer, de plus, que bien que pour un nombre d'années cette situation a affecté le marché de l'Ontario seulement. Elle a depuis affecté tous deux les provinces de Québec et les Maritimes où les sacs de papier sont aussi importés à ce temps.

Basé sur les prix des sacs américains qui sont déposés ici et basé sur nos coûts de matières premières, comme le papier et les adhésifs, aussi bien que le travail de la main-d'œuvre direct, les coûts d'emballage, d'embarquement et les frais généraux, nous devons perdre substantiellement sur chaque sac de ce genre que nous expédions de notre manufacture, et je suis certain qu'en vue de nos bas frais généraux, ceci devrait aussi être vrai des autres fabricants de sac de papiers.

L'industrie de sac de papier engage un nombre substantiel de personne qui, si la situation continu, seront sans travail.

Si l'industrie doit arrêter de fabriquer des sacs de papier, donc, bien certain qu'il n'y aura pas d'usage pour ce genre de papier pour ces sacs de les papeteries. Les papeteries alors devront fermer leurs machines qui font cette sorte de papier et ensuite ils, de leur part, devront cesser le travail des employés de l'usine, du bureau, des troqueurs et des hommes des bois employés pour faire la pulpe kraft qui est utilisée pour faire du papier kraft.



We trust you will see the injurious effect that the situation will have on the economy of this country which will far exceed savings by the companies concerned who import the American paper bags.

To our knowledge, the price of any product in the supermarket or independent food stores has never been increased or decreased due to any savings or increase in the price of paper bags.

The writer would be pleased to appear before you should you deem it necessary to answer whatever questions you may have including full disclosure of costs of the products herein referred to.

In our humble opinion, there must be a special import duty of 15 per cent over and above that which now exists to prevent these bags from entering this country at prices injurious to the industry and may we conclude by stating that in this industry the prices in the United States at which these bags are sold have no relationship with the cost of manufacturing or with profit.

It is our hope that you will give this brief your favourable consideration and thank you for allowing us the opportunity to make the presentation.

Philip Granovsky,  
President.

November 11, 1968

#### APPENDIX "SS"

##### THE BRITISH CANADIAN TRADE ASSOCIATION

Operating the British Display Centres

Toronto: 100 University Ave. Tel. 363-9033  
Montreal: 2100 Drummond St. Tel. 288-4625  
Vancouver: 1507 Powell St. Tel. 253-7017

Toronto, Ontario.  
November 11, 1968.

The Chairman and Members,  
The Standing Committee on Finance,  
Trade and Economic Affairs,  
House of Commons,  
Ottawa, Ontario.  
Gentlemen:

*Proposed Canadian Anti-Dumping Legislation*

This Association was favoured with an opportunity of submitting a brief to the Department of Finance Committee on the above subject on December 5th, 1967.

Nous avons confiance que vous verrez les effets injurieuses que la situation aura sur l'économie de ce pays qui excédera par beaucoup les épargnes des compagnies affectées qui importent les sacs de papier américains.

A notre connaissance, le prix d'aucun produit dans le marché géant ou le marché indépendant n'a jamais augmenté ou diminué à cause d'épargne ou d'augmentation dans le prix des sacs de papier.

Le rédacteur sera heureux de paraître devant vous si vous le croyiez nécessaire pour répondre toutes questions que vous auriez, incluant une déclaration complète des coûts des produits auxquels nous faisons référence.

Dans notre humble opinion, il devrait y avoir un frais d'importation spécial de 15% de plus et au-dessus de celui qui existe à présent pour prévenir ces sacs d'entrer ce pays à des prix injurieux à l'industrie et pouvons-nous terminer en disant que dans cette industrie les prix dans les États-Unis à lesquels ces sacs sont vendus n'ont aucun rapport avec le coût de manufacturer ou avec le profit.

Il est notre espérance que vous donnerez votre considération favorable à ce résumé et merci beaucoup pour nous avoir donné l'occasion de faire cette présentation.

Signé: Philip Granovsky,  
Président.

#### APPENDICE SS

##### THE BRITISH CANADIAN TRADE ASSOCIATION

OPERATING THE BRITISH DISPLAY CENTRES

Toronto, Ontario.  
Le 11 Novembre 1968.

M. Le Président et Membres,  
Comité des Finances, Commerce & Affaires Économiques,  
Chambre des Communes  
Ottawa, Ontario.  
Messieurs,

*Propos de Loi Canadienne sur l'Anti-Dumping*

Notre organisation a déjà eu l'honneur d'être requise de soumettre un dossier au Comité du Département des Finances sur le sujet.

In introducing that submission we outlined the important position this Association occupied as official representatives of numerous and substantial British-Canadian business and trading interests, including the British National Export Council (Canada Committee), the Confederation of British Industry and the Scottish Council, as well as over 400 firms in Canada. We presume that it is not necessary to elaborate on this aspect in such detail again.

Having studied the recent White Paper on Anti-Dumping and such of the related Regulations as are available at this time, we ask that your Committee give consideration to the suggestions submitted on the attachment herewith.

The limited number of suggestions contained in this present submission may be taken as indicating our general agreement with the other provisions of the proposed legislation which, we believe, if interpreted and applied in the spirit of the G.A.T.T. Anti-Dumping Code, signed by Canada at Geneva on June 30th, 1967, will be fair and equitable.

Respectfully submitted,

J. R. G. Bleasby,  
General Manager,

BRITISH CANADIAN TRADE  
ASSOCIATION

Attachment to BCTA letter of November 11th, 1968, to The Standing Committee on Finance, Trade and Economic Affairs.

*Proposed Canadian Anti-Dumping  
Legislation*

A. "Sufficient number of sales"

This phrase appears in Section 9 (3) of the White Paper and in this context is defined by Draft Regulation 11. The phrase is also used in Section 9 (2) (yet to be defined by Draft Regulation 12) and also in Draft Regulation 8.

We suggest that the phrase "sufficient volume of sales" should be substituted as it is our opinion that the present wording is more indicative of a number of contracts than the volume of the trade involved.

We further suggest that in the White Paper and Draft Regulations where the phrase

"not a sufficient number of sales" is used, it should be expanded to read

"no sales or not a sufficient volume of sales".

Finally, we suggest that the present wording of Draft Regulation 11 does not make it clear that mention of "... quantity of goods sold to

En soumettant notre dossier nous avons souligné la Position importante que notre Association tient en Tant que Représentant Officiel auprès d'importantes entreprises du marché Britannique Canadien telles que le Conseil National Britannique pour l'Exportation (Comité Canadien), la Confédération des Industries Britanniques et le Conseil Écossais, ainsi que plus de 400 autres Entreprises au Canada. Nous ne croyons pas nécessaire d'élaborer sur cet aspect en grand détail une fois de plus.

Ayant étudié le récent livre Blanc sur l'Anti-dumping et les règlements à notre disposition en ce moment nous voudrions soumettre à votre Conseil le pli ci-joint pour qu'il puisse être pris en considération.

Le nombre réduit des suggestions peut être pris comme l'indication de notre accord avec les autres propos de lois, qui si interprétées et appliquées avec l'esprit du code du G.A.T.T. sur l'anti-dumping, sont considérées comme justes et équitables.

Veuillez agréer Messieurs nos salutations distinguées,

J. R. G. Bleasby,  
Directeur Général,

BRITISH CANADIAN TRADE  
ASSOCIATION

Document joint à la lettre du BCTA datée du 11 Novembre 1968 et adressée au Comité du Département des Finances et Affaires Économiques.

*Propos de Législation Canadienne  
sur l'Anti-dumping*

A. «Nombre suffisant de ventes»

Cette expression paraît dans la section 9(3) du Livre Blanc et est définie dans le Projet de Règlements 12 ainsi que dans le Projet de Règlements 8.

Nous suggérons que cette expression soit substituée par «volume suffisant des ventes» étant d'opinion que l'expression présentement utilisée indique plutôt le nombre de contrats et non le volume des ventes dont il est question.

Nous suggérons aussi que l'expression

«un nombre de ventes insuffisant» qui paraît dans le Livre Blanc et dans le Projet de Règlements soit plus précise et rédigée comme suit:—

«pas de ventes, ou volume insuffisant de ventes».

Finalement nous signalons qu'à notre avis la rédaction du Propos de Règlements 11 n'indique pas assez clairement que «la quantité



Canada..., "...total quantity of goods sold..." and "...sold for home consumption." are all references to sales made at the same level of trade as that applying to the goods for which a normal value is being established.

#### B. Advancement of Market Value after Purchase

Previous General Regulations under Section 6 of the Customs Tariff included important provisions in respect of price advancement (see previous Regulation para. 3).

We find no similar provision in the proposed Draft Regulations and we attach considerable importance to the retention of such a facility.

In many fields and with extreme cases in heavy and specially produced capital goods, periods of two or three years may elapse between the commitment to a contract at a firm price and delivery and importation of the goods in question.

Without the provision referred to and because of price advancement in the country of manufacture, a contract which in no way infringed price dumping legislation when made could result in a subsequent importation that did infringe regulations. The inequity of this situation is obvious.

#### C. Determination of Injury

##### White Paper—Part II—Procedure

While Section 16 (4) of the White Paper directs The Tribunal to Canada's obligation under Article 4 of the appropriate part of the Geneva agreement, we find no similar reference to Article 3 "Determination of Injury".

Since the White Paper Draft does not provide for any appeal against a finding of injury by the Tribunal, we suggest that that body should be guided by a specific reference to the relative portion of the G.A.T.T. commitment.

We therefore urge that an additional subsection be added reading as follows:—

"The Tribunal, in considering any question relating to a determination of injury, shall take fully into account the provision of Article 3 of the Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade signed at Geneva, Switzerland on June 30th, 1967".

Respectfully submitted for  
your consideration,

J. R. G. Bleasby  
General Manager.

BRITISH CANADIAN TRADE  
ASSOCIATION

de marchandises vendues au Canada», la «Quantité pour consommation locale» sont toutes au même niveau des marchandises pour lesquelles une valeur normale a été établie.

#### B. Augmentation de la valeur du Marché après l'achat

Les règlements Généraux antérieurs, section 6 des Tarifs douaniers incluaient d'importantes dispositions sur l'augmentation des Prix. (voir règlements préalables par. 3.)

Nous n'avons pas constaté de dispositions semblables dans les propos de Règlements et nous attachons beaucoup d'importance à conserver ces dispositions fort utiles.

Dans beaucoup de domaines par exemple dans certains cas extrêmes de produits lourds ou de produits sur commande spéciaux des périodes de deux à trois ans peuvent s'écouler entre l'engagement d'un contrat à prix fixe, la livraison et l'importation des produits en question.

Sans la disposition mentionnée et dû à l'augmentation des prix de revient dans les pays d'origine il est possible qu'un contrat puisse violer les lois sur l'Anti-dumping alors qu'à l'accord du contrat il n'en était pas question. L'inégalité de cette situation est évidente.

#### C. Détermination de préjudice

##### Livre Blanc, Part II, Procédés

La section 16 (4) du Livre Blanc rapporte le Tribunal du Canada à l'article 4 de l'Accord de Genève.

Il serait opportun de rapporter aussi le Tribunal dans les mêmes termes à l'article 3 de l'Accord de Genève sur la Détermination de Préjudice.

Étant donné que le Propos du Livre Blanc n'inclue pas d'appel Préjudice ayant été prouvé, nous recommandons qu'il soit conseillé au Tribunal de se référer à la section relative dans les Dispositions de l'Accord du G.A.T.T.

Nous sommes d'avis qu'une clause additionnelle soit incluse dans les termes suivants:

«Le Tribunal enquêtant tout cas de Préjudice devra se référer entièrement à l'Accord Général sur les Tarifs et le Commerce, signé à Genève le 30 Juin 1967».

Que nous soumettons pour votre considération très appréciée,

J. R. G. Bleasby,  
Directeur Général

BRITISH CANADIAN TRADE  
ASSOCIATION

## APPENDIX TT

## THE CANADIAN GAS ASSOCIATION

55 Scarsdale Rd., Don Mills, Ontario

W. H. Dalton                      Telephone 447-6465  
 Managing Director              Area Code 416

November 4th, 1968.

Standing Committee of Finance,  
 Trade and Economic Affairs,  
 House of Commons,  
 Ottawa, Canada.

*Attention:*

Miss Dorothy Ballantyne,

*Clerk of the Committee.*

Honourable Sirs:

*Re: Anti-Dumping Legislation.*

The Canadian Gas Association is the National Trade Association for the Natural Gas Industry in Canada. The membership of 650 includes companies involved in the exploration for production, processing, transmission and distribution of natural gas, as well as manufacturers of equipment utilized by its consumers in all phases of the industry's business. As such, its interests encompass domestic manufacturers, importers and exporters, of equipment and components.

The Association has received the proposed Anti-Dumping legislation contained in the White Paper on Anti-Dumping, which you tabled in the House of Commons, in order to express the Association's views in accordance with the invitation you extended to all interested parties. In view of the fact that many important details of the new legislation will be dealt with in the Regulations, not yet published, our comments below are general in nature. It is hoped that a further submission will be accepted on those aspects covered by the Regulations.

The Association is in basic agreement with the concept included in the Anti-Dumping Code agreed to at Geneva and the proposed legislation you presented to the House of restricting the imposition of Anti-Dumping duties to those cases where material injury has been caused to Canadian production, or planned production. However, the Association is concerned that the general nature of key words such as "like goods" in Section 2 (g), "material injury" in Section 5(a) (i), "massive importations" in Section 5(a) (ii) etc., are going to cause serious uncertainties to importers and manufacturers alike. We sincerely trust that the Regulations will give more precise meaning to these words as we feel that

## APPENDICE TT

## ASSOCIATION CANADIENNE DU GAZ

55 Scarsdale Rd., Don Mills, Ontario

Téléphone 447-6465

Le 28 octobre 1968

Le Comité permanent des Finances,  
 du Commerce et des Affaires économiques,  
 Chambre des communes  
 OTTAWA, Canada

A l'attention de M<sup>lle</sup> Dorothy Ballantyne,

Greffier du comité

Honorables Messieurs,

*Sujet: Législation antidumping*

L'Association Canadienne du Gaz représente l'industrie du gaz naturel sur le plan national. Son effectif de 650 membres se compose de sociétés d'exploration pour la production, transformation, transmission et distribution du gaz naturel, ainsi que des fabricants d'outillage utilisé par les consommateurs à toutes les étapes des opérations de l'industrie. A ce titre, l'Association s'intéresse aux fabricants, importateurs et exportateurs canadiens de matériel et de pièces d'outillage.

Pour répondre à l'invitation générale que vous avez lancée pour demander aux intéressés de faire connaître leurs points de vue, l'Association a examiné le projet de législation antidumping que renferme le Livre blanc sur les mesures antidumping que vous avez déposé à la Chambre des communes. Comme une foule de détails importants seront décidés par voie de règlements non encore publiés, nous nous en tiendrons à des observations d'un caractère général. Nous espérons qu'il nous sera permis de présenter un autre mémoire sur les questions traitées par règlement.

L'Association est essentiellement d'accord avec les principes du Code antidumping élaboré à Genève et avec le projet de législation que vous avez présenté à la Chambre pour limiter l'imposition des droits antidumping aux cas où un préjudice important a été porté à la production canadienne, réelle ou projetée. Pourtant, l'Association craint que le caractère général des mots clés comme «produits similaires» à l'article 2(g), «préjudice important» à l'article 5(a) (i) et «importations massives» à l'article (5)(a)(ii) etc. fasse naître de graves incertitudes tant chez les importateurs que chez les fabricants. Nous espérons sincèrement que les règlements préciseront le



uncertainties of this nature can be a serious impediment to the advancement of the industry.

In addition, concern has been expressed by a number of members of the Association over the machinery of initiating a dumping investigation and the length of time that will be required to complete such an investigation before any Anti-Dumping duties are imposed. For example, it is extremely difficult for a Canadian manufacturer to become aware of dumping of competitive products from abroad until well after the fact and the noticeable effect is made on this sales. Such importations may have occurred before the 90-day retroactive period provided for in Section 5 of the proposed legislation or may not be covered by Section 4 which provides for no retroactive assessment.

In addition, it is noted that whereas the Tribunal for determining injury will be required to make a report within 3 months there is no time limitation on the Department of National Revenue in their investigation as to whether dumping has occurred or not. This, of course, could lead to serious delays in imposing Anti-Dumping duties and it is felt that some consideration be given to requiring the Deputy Minister to make a report on the status of the investigation or indicate why it has not been completed within a 90-day period, so that those concerned can be fully informed as to the progress of the matter.

The rationale of Section 33(2) appears to be the prevention of dumping duty avoidance by use of third parties. However, the Association is concerned that the third party liability imposed by this section could have serious consequences for Canadian buyers unaware that the goods they have purchased are even imported, let alone dumped into this country. Therefore, it is recommended that steps be taken by the Government to warn customers of any importer whose importations are being investigated under the Anti-Dumping legislation of their potential liability in the matter. It is felt that publication in the Canada Gazette is not adequate warning as the customers concerned are not likely to read this publication, particularly when they are not involved in direct importations.

The membership and support staff of the proposed Anti-dumping Tribunal is also of concern to the Canadian Gas Association. "Material injury" takes on an entirely different meaning depending upon the industry involved. Lack of experience with the par-

sens de ces mots car, à notre avis, de telles incertitudes pourraient freiner l'essor de l'industrie.

En outre, certains membres de l'Association craignent que les rouages que comporterait une enquête sur le dumping et la durée d'une telle enquête ne retardent indûment l'imposition des droits antidumping. Le fabricant canadien, par exemple, peut difficilement se rendre compte d'une concurrence résultant du dumping de produits étrangers avant qu'il se soit écoulé un laps de temps considérable et que des propres ventes en aient subi le contrecoup. De telles importations peuvent fort bien être survenues avant le délai rétroactif de 90 jours prévu à l'article 5 du projet de loi, ou encore ne pas tomber sous le coup de l'article 4 qui ne stipule pas de cotisation rétroactive.

Il y a plus. Alors que le tribunal compétent a trois mois pour faire rapport sur le préjudice subi, le ministère du Revenu national n'a pas de délai fixe pour constater la présence ou l'absence de dumping. Il est évident que cela pourrait retarder sérieusement l'imposition de droits antidumping et pour prévenir une telle éventualité il faudrait songer à obliger le sous-ministre à faire un rapport sur l'état de l'enquête ou à justifier tout délai dépassant 90 jours, afin que les intéressés sachent à quoi s'en tenir.

La raison d'être de l'article 33(2) semble être de prévenir que les droits de dumping soient évités par le recours à des personnes interposées. L'Association craint, cependant, que cet article, qui s'adresse à des tiers, pourrait avoir de graves répercussions sur les acheteurs canadiens qui ne sauraient même pas qu'il s'agit de produits importés et encore moins que leur importation viole la loi antidumping du pays. Il est donc recommandé que le gouvernement prenne des mesures pour avertir les clients de tout importateur dont l'activité fait l'objet d'une enquête en vertu de la loi antidumping de leur responsabilité possible à cet égard. Un avertissement publié dans la Gazette du Canada ne suffirait pas, croyons-nous, puisque cette publication n'atteint pas les clients en question, surtout s'ils ne s'intéressent pas directement aux importations.

Une autre question qui intéresse l'Association Canadienne du Gaz est la composition et le personnel de soutien du futur tribunal antidumping. Le sens de l'expression «préjudice important» varie beaucoup suivant l'industrie à laquelle on l'applique. Si les membres du

ticular industry by members of the Tribunal could lead to serious inequities. It is therefore urged that all phases of industry be well represented on the 5-man panel and support staff. As well, the Association is concerned that the 7 year tenure of office may serve to weaken ties with industry.

Whether or not the proposed legislation effectively meets the need of Canadian industry would appear to depend to a large degree on the efficient utilization of commercial intelligence both from Canada and the country of export, together with the ability of staff members to evaluate this data.

In this regard, the Canadian Gas Association stands ready to lend assistance in any way it can.

The Association is also concerned that the Review Panel established by Section 30 may cause further delays and also decisions may be affected because of international considerations to the detriment of Canadian manufacturers. It is therefore our view that such a possibility makes it even more imperative that strong industry representation be included on the Tribunal.

The Canadian Gas Association appreciates the opportunity of presenting its views on this most important matter and looks forward to providing any information or assistance it can to facilitate the smooth implementation of the new Anti-Dumping legislation.

Sincerely,

W. H. DALTON

tribunal ne possédaient pas au départ d'expérience dans l'industrie, cela pourrait donner lieu à de graves injustices. Il est donc fortement recommandé que tous les aspects de l'industrie soient représentés auprès du tribunal de cinq membres et de son personnel administratif. L'Association se demande aussi si le mandat de sept ans n'est pas de nature à affaiblir les liens des membres avec l'industrie.

La question de savoir si le projet de loi répond bien aux besoins de l'industrie canadienne dépendra, dans une large mesure, d'une bonne utilisation des renseignements commerciaux disponibles tant au Canada qu'au pays d'exportation et de la compétence avec laquelle les employés seront en mesure d'évaluer les données obtenues.

A cet égard, l'Association Canadienne du Gaz est disposée à fournir toute l'assistance possible.

Enfin, l'Association ne voudrait pas que la Commission d'appel instituée par l'article 30 entraîne d'autres retards ou que ses décisions soient influencées par des considérations d'ordre international au détriment des fabricants canadiens. Devant une telle possibilité il devient encore plus important que l'industrie soit fortement représentée dans la composition du tribunal.

L'Association Canadienne du Gaz est reconnaissante de cette occasion qui lui est donnée de présenter ses avis sur cette question d'une très haute importance et compte pouvoir fournir toute l'aide et tous les renseignements voulus afin de faciliter l'application ordonnée de la nouvelle mesure antidumping.

Le directeur gérant de

L'ASSOCIATION CANADIENNE DU GAZ,

W. H. Dalton.



## APPENDIX UU

## INTERMARKETS LTD.

Import-Export  
Montreal, Que.

November 11th, 1968

Commons Committee on Finance  
Trade & Economics,

House of Parliament,  
Ottawa, Canada.

*Re: Brief on the White Paper Document on  
Antidumping*

Gentlemen,

Our newly founded firm, trying to develop Canadian exports to various countries, has already a big experience in this direction because the signer was an import manager in various European countries for ten years and he is speaking eleven languages, enabling us to get a lot of export and import magazines from abroad and to be very well informed concerning this problem.

In establishing the principles of the new anti-dumping law, the Parliament has to bear in mind not only the international agreement regarding the article 6 of the general agreement on tariff and trade and the agreement on its implementation, *but before all the interests of Canada.*

It is not a secret that Canada is depending on its exports, on 70% on the United States and on 12% or even more on Great Britain. *This means that we have put all our export eggs in the same basket.*

If tomorrow a crisis will develop in the United States, our country will be deeply affected and the same as far as the United Kingdom is concerned. This explains why it is of vital necessity to look for new markets and to penetrate them.

We are already handicapped by the fact that the European Common Market on the one side and the European Free Trade Association on the other side have put barriers against Canadian exports, while changes between the component countries are absolutely duty and quota free.

It will be very difficult for instance for Canada to export its wheat and cereals to Europe, because of the competition we meet from France and the same applies to other countries where a common market is being built, for instance in Latin America and between the Arab countries.

## APPENDICE UU

## INTERMARKETS LTD

Import-Export  
Montreal, Que.

Le 11 novembre 1968

Le Comité des finances, du  
commerce et des questions économiques

Chambre des communes  
Ottawa, Canada

*Sujet: Mémoire relatif au Livre blanc sur  
l'antidumping*

Messieurs,

Notre société nouvellement fondée, qui s'efforce d'accroître les exportations canadiennes aux divers pays, a déjà acquis une vaste expérience dans ce domaine puisque le signataire de ce document était directeur des importations pendant dix ans dans plusieurs pays d'Europe; comme je parle onze langues, j'ai pu obtenir pour ma société beaucoup de revues d'importations et d'exportations de l'étranger et je connais très bien le problème.

En établissant les principes de la nouvelle loi antidumping, le Parlement doit tenir compte non seulement de l'accord international concernant l'article 6 de l'Accord général des tarifs douaniers et du commerce et l'accord relatif à son application, *mais avant tout il lui faut tenir compte des intérêts du Canada.*

Ce n'est un secret pour personne que le Canada a besoin d'exporter 70 p. 100 aux États-Unis et 12 p. 100 ou même davantage à la Grande-Bretagne. *Cela signifie que nous avons placé tous nos œufs d'exportation dans le même panier.*

Si demain une crise avait lieu aux États-Unis, notre pays serait profondément touché, et il en serait de même avec la Grande-Bretagne. C'est pourquoi il est si nécessaire de rechercher de nouveaux marchés et d'y pénétrer.

Un obstacle se dresse déjà du fait que le Marché commun européen d'une part et l'association européenne de libre-échange de l'autre ont élevé des barrières contre les exportations canadiennes, alors que les pays membres de ces groupes sont absolument libres de droits de douane et de contingents.

Le Canada va trouver très difficile, par exemple, d'exporter son blé et ses céréales à l'Europe, en raison de la concurrence que nous livre la France, et il en est de même d'autres pays où s'organise un marché commun, par exemple l'Amérique latine et les pays arabes.

Not only that we are meeting difficulties due to the duties and to the quotas, but we feel absolutely sure that if Canada will try to put in force a new antidumping law, a restrictive one, departing from the idea of free world trade on which the Kennedy Round was based, doubtless the other countries will retaliate.

The new U.S. dumping rules make it far harder for U.S. companies to harass Canadian exporters with dumping complaints and the same applies to a lot of other countries, especially those where we can develop new markets.

Therefore, we think that the new law has to be a very liberal one and we want to stress especially on the following:

a) It is absolutely necessary to introduce a paragraph to the effect that there is no injury when the imported goods enter in the production of a Canadian item which will be exported.

It is no secret that Canada is exporting clothes and garments to the British Commonwealth and that a lot of the yarns entering in the manufacturing of these goods and apparels are imported ones, because if we would base these products on the Canadian domestic production, we shall be absolutely not competitive. For instance, in Great Britain in the eight months ended in August, imports of man-made fiber fabrics were 100,000,000 yards against 78,000,000 yards a year previously, and those of cotton fabrics were 518,000,000 yards against 415,000,000 yards.

We could give a lot of examples which will absolutely prove that if our suggestions are not accepted, a big part of the Canadian exports will be absolutely destroyed.

b) A paragraph has to be introduced to the effect that there is no injury if the imported product is part of a merchandise manufactured in Canada where the domestic production covers less than 75 % of the Canadian consumption.

A lot of Canadian manufacturers are able to compete, and this with big difficulties, with imports from abroad, only because they are introducing in their

Ce n'est pas seulement les difficultés que nous éprouvons à cause des droits douaniers et des contingentements que nous sommes inquiets, mais nous sommes absolument sûrs que si le Canada essaie de mettre en vigueur une nouvelle loi antidumping, un statut restrictif qui s'écarte du concept d'un commerce mondial ayant servi de base au Kennedy Round, il n'est pas douteux que d'autres pays vont user de représailles.

Les nouvelles règles des États-Unis en fait de dumping rendent beaucoup plus difficile aux sociétés américaines d'ennuyer les exportateurs canadiens avec leurs plaintes au sujet du dumping, et on peut en dire autant de bien d'autres pays, particulièrement de ceux où nous pouvons cultiver de nouveaux marchés.

Par conséquent, nous croyons que la nouvelle loi doit être très libérale et nous voulons appuyer particulièrement sur les points suivants:

a) Il est absolument nécessaire d'introduire un alinéa à l'effet qu'aucun tort n'a été causé lorsque les marchandises importées entrent dans la production d'un article canadien destiné à l'exportation. On ne fait aucun secret du fait que le Canada exporte des vêtements et des articles d'habillement au Commonwealth britannique et qu'une bonne quantité des filés qui entrent dans la fabrication de ces marchandises et vêtements sont importés, car si nous basions la production canadienne sur la production intérieure du Canada, nous ne pourrions pas soutenir la concurrence. Par exemple, en Grande-Bretagne, durant la période de huit mois terminée en août, les importations de tissus synthétiques ont été de 100 millions de verges contre 78 millions l'année précédente, et celles de filés de coton ont été de 518 millions de verges contre 415 millions de verges. Nous pourrions donner beaucoup d'exemples qui prouveraient sans l'ombre d'un doute que si nos suggestions ne sont pas acceptées, une forte portion des exportations canadiennes seront vouées à la disparition complète.

b) Il faut adopter un alinéa à l'effet qu'il n'y a aucun tort si le produit importé fait partie d'une marchandise fabriquée au Canada lorsque la production nationale couvre moins de 75 p. 100 de la consommation canadienne.

Beaucoup de fabricants canadiens peuvent soutenir la concurrence quoique avec beaucoup de difficultés, avec les importations de l'étranger seulement



manufacturing goods primary materials imported from abroad.

It is enough to bear in mind what happens with the Canadian weavers and knitters struggling against the very heavy imports from the United States and Japan. If these our suggestions will not be adopted, we shall have to close a very big part of the Canadian plants and we know this because of our big experience in these matters. We shall prove it before the Commons Committee.

The Government knows that even Canadian spinners, and not the smallest ones, are importing cotton yarns from abroad to use it in their woven and knitted products and to be able to compete on the inner market with Japan, Hong Kong, U.S.A. and other countries and also to be able to export to various overseas markets.

c) A paragraph has to be added that there is no injury if the product imported from one country is not inferior in price to the same item imported from another country, whose goods were okayed by the Canadian government.

This has the intention to avoid useless harassing of other countries and our own experience has shown a big struggle between the Canadian government and the Italian one, which at the end brought to agreeing that we have not to harass the Italian exporters.

d) Another paragraph has to be added specifying that there is no injury if the products imported from one country represents less than 20% of the general quantity imported into Canada on the same item. And this is reasonable, because such a small quantity cannot be an injury.

We are very worried about the contents of the new anti-dumping suggestions and the narrow-minded action which is taken on it. We bear in mind that ten years ago, for instance, an electric shaver which was paid in Holland by the Dutch population with \$7 a piece, was paid in Canada with \$16. The difference went into the pocket of a foreign industry having an establishment here and we want to know who got the profit, Canada or the Dutch firm. This is only one example.

We are trying now to penetrate various countries and we have met with difficulties there because we were told that the Canadian government has taken some steps in order to intimidate importers

parce qu'ils se servent dans leurs produits fabriqués de matières premières importées.

Il n'est qu'à se rappeler ce qui arrive aux tisserands et fabricants de tricots qui ont à lutter contre les très fortes importations des États-Unis et du Japon. Si nos suggestions ne sont pas acceptées, nous devrons fermer une très forte proportion de nos fabriques canadiennes, et nous en avons la conviction en raison de notre grande expérience en la matière. Nous le prouverons devant le comité des communes.

Le gouvernement sait que même les filatures canadiennes, et non des moindres, importent des fils de coton de l'étranger pour s'en servir dans leurs tissus ou tricots et afin de pouvoir soutenir sur le marché intérieur la concurrence du Japon, de Hong-Kong, des États-Unis et d'autres pays, et aussi pour pouvoir exporter à plusieurs marchés d'outre-mer.

c) Il faut ajouter un alinéa à l'effet qu'il n'y a aucun préjudice si le produit importé d'un pays n'est pas inférieur en prix au même article importé d'un autre pays dont les marchandises ont été approuvées par le gouvernement canadien.

L'intention est d'éviter de causer des ennuis à d'autres pays et notre propre expérience a démontré qu'une forte lutte entre le gouvernement canadien et le gouvernement italien a abouti à l'entente selon laquelle il ne faut pas causer d'ennuis aux exportateurs italiens.

d) Il faut ajouter un autre alinéa précisant qu'il n'y a aucun préjudice si les produits importés d'un pays représentent moins de 20 p. 100 de la quantité générale de cet article importé au Canada. Et cela serait raisonnable, car une si faible quantité ne peut pas causer de préjudice.

Nous sommes très inquiets du contenu des nouvelles suggestions d'antidumping et de l'étroitesse d'esprit manifestée dans les mesures prises. Nous nous rappelons qu'il y a dix ans, par exemple, un rasoir électrique qui se vendait \$7 en Hollande coûtait \$16 au Canada. La différence allait dans la poche d'une industrie étrangère ayant un établissement ici et nous voulons savoir qui recueillait le profit, le Canada ou la société hollandaise. Ceci n'est qu'un exemple entre plusieurs.

Nous essayons maintenant de pénétrer en divers pays et nous avons essuyé de nombreuses difficultés: on nous disait que le gouvernement canadien avait pris certaines mesures visant à intimider les

into Canada and exporters from the foreign countries. This is not a matter which will help us in our exports. We know for instance that a foreign exporter is harassed because of an export in the value of \$5,000, of an item which is imported in Canada for more than \$200,000,000 a year and now we are trying to export to that country, but the government of the exporting part is harassing us under this situation.

We reserve to add to our suggestion and thanking you for taking them into consideration, we are,

Yours very truly,

INTERMARKETS LTD.

Dr. A. M. Nunes

importateurs au Canada et les exportateurs des pays étrangers. Voilà une chose qui n'aidera pas nos exportations. Nous savons par exemple qu'un exportateur étranger est ennuyé pour une exportation ayant une valeur de \$5,000, d'un article qui est importé au Canada à raison de plus de \$200,000,000 par année, et maintenant nous essayons d'exporter à ce pays, mais le gouvernement là-bas nous cause des ennuis analogues.

Nous nous réservons le privilège d'ajouter à nos suggestions et nous vous remercions de prendre celles-ci en considération.

Veuillez agréer, messieurs, l'expression de nos meilleurs sentiments.

Intermarkets Ltd.,

A. M. Nunes.



## APPENDIX VV

November 18th, 1968

Chairman,

Standing Committee on Finance, Trade and  
Economic Affairs,House of Commons,  
c/o Room 308,  
West Block,  
Parliament Buildings,  
Ottawa, Ontario.

Dear Mr. Chairman;

May I invite your consideration and that of the Members of your Committee to the submission herein set forth in respect of the so-called White Paper on Anti-dumping Legislation.

I would desire to make this as *amicus curiae* as it is a point I think of common concern to all our corporation principals and clients, both importers and manufacturers and I direct herein particular attention to one aspect which I think is extremely important in the finalization of any legislation in this area.

As I am not concerned with producing evidence of injury or calamity or presenting, on the other hand, the other side of the coin in a particular situation but in the basic concept that I feel should be recognized and would redound to the advantage of all and the disadvantage of none and because I feel the principle is fairly well self-evident, I am hoping the study of this submission by your Committee would result in a recommendation, report or finding that would take this aspect into account.

If my understanding of the role of the Standing Committee is correct to consider any information or representations received and in due course make an advisory finding or report subsequent to which the Government would in some final form draft a Bill to be introduced into Parliament, it might be perhaps unrealistic to presume that a Committee of thirty, twenty or even three people, would inevitably be unanimous on all points and in some areas there might be a minority report or dissenting point of view but I would hope that on the point I present therein that there would be unanimous agreement with the basic virtue and value in that regard.

## APPENDICE VV

Le 18 novembre 1968

Monsieur le président

Comité permanent des finances,  
du commerce et des questions  
économiquesSalle 308  
Edifice de l'Ouest  
Edifices du Parlement  
Ottawa (Ontario)

Monsieur le président,

J'ai l'honneur de soumettre à votre bonne attention et à celle des membres de votre Comité le présent mémoire qui a trait au Livre blanc sur la législation antidumping.

Je voudrais présenter ce mémoire dans un esprit amical, car je crois que c'est une question qui présente un intérêt commun pour tous nos mandataires et clients de sociétés, importateurs aussi bien qu'exportateurs, et je voudrais attirer ici particulièrement l'attention sur un aspect qui, à mon avis, revêt une très grande importance dans l'adoption de toute législation dans ce domaine.

Comme je ne suis pas intéressé à fournir de preuves de préjudice ou de calamité ou à présenter, d'un autre côté, l'envers de la médaille dans une situation particulière, mais comme je suis intéressé par l'idée fondamentale qui, à mon sens, devrait être reconnue et qui serait à l'avantage de tous et ne nuirait à personne, et parce que je crois que le principe est passablement évident, j'espère que l'étude que le Comité fera de ce mémoire amènera une recommandation, un rapport ou des conclusions qui tiendront compte de cet aspect.

Si je comprends bien le rôle du Comité permanent, c'est-à-dire le rôle d'étudier tout renseignement qu'on porte à sa connaissance ou toute démarche qu'on fait auprès de lui, puis, en temps et lieu, de tirer des conclusions ou de rédiger un rapport à la suite desquels le gouvernement pourrait présenter un projet de loi au Parlement, je manquerais de réalisme si je m'imaginais qu'un Comité de trente, vingt ou même trois personnes puisse infailliblement tomber d'accord sur toutes les questions et, dans certains domaines, il pourrait y avoir un rapport minoritaire ou des divergences d'opinion, mais j'espère qu'il y aura unanimité sur les qualités et la valeur fondamentale de la question que je soulève ici.

I made a submission to the Minister of Finance under date of the 7th instant and it has occurred to me that this might have quite properly perhaps and even more logically been made to your Committee and it may perhaps be appropriate for me to annex hereto copy of that submission for the purpose of setting forth the particular point that I felt the Government should consider which touched upon what I feel was a very undesirable defect in the White Paper drafting.

I am convinced that the interest and attitude of both manufacturers and importers and foreign exporters would be in complete harmony with this which might be somewhat extra-ordinary in connection with many features of the legislation.

About a year ago when the Inter-Departmental Committee, which for lack of any precise name of which I was aware, I described as the Inter-Departmental Antidumping Clause Legislative Advisory Committee, which was presided over by Mr. Glass as Chairman, who is of course Vice-Chairman of the Tariff Board, I submitted to that Committee that the aspect in the attached should not be disregarded, and taken into account, and of course I am unaware of the advisory finding and report of this Inter-Departmental Committee in connection with this general subject but I would like to make the point I think there is nothing novel, extra-ordinary, new or unusual about the idea nor do I feel it collides in spirit or letter with the basic principles of the Trade Agreements.

There should be a clear-cut avenue to provide a practical capacity for Canadian importers and foreign exporters to determine when entering into a International transaction, whether there is a potential peril under the anti-dumping legislation as a Sword of Damocles over their heads or that the importer can bargain for the lowest possible price with impunity as we should perhaps remind ourselves if no industry is adversely affected it contributes to our Balance of International Payments to have to buy as few as possible United States hard dollars to purchase what we import and therefore there is an aspect of public interest in the proposition.

I can see no reasonable justification for the abandonment into any literary labyrinth of uncertainty any clear-cut exemptions from the Antidumping Clause that could turn upon what I put forth in my submission to the Minister of Finance.

I think it is often not what legislation is to sophisticated people but what unsophisticated people may think it is who may be in a position to invade the market without con-

Le 7 courant, j'ai présenté un mémoire au ministre des Finances, et me suis rendu compte qu'il aurait été plus approprié, voire même plus logique, de le présenter à votre Comité, et il serait peut-être bon que j'attache aux présentes un exemplaire de ce mémoire afin d'exposer l'aspect particulier qui, à mon avis, devrait être pris en considération par le gouvernement et qui traite de ce que j'estime être un vice qui doit être supprimé dans la rédaction du Livre blanc.

Je suis persuadé que l'intérêt et l'attitude des fabricants comme des importateurs et des exportateurs étrangers seraient en complète harmonie avec cela, ce qui serait quelque peu extraordinaire à propos des nombreux traits de la législation.

Il y a environ un an, devant le Comité interministériel que j'avais nommé, à défaut de nom précis, Comité consultatif interministériel sur la clause antidumping, Comité qui était présidé par M. Glass qui est bien entendu le vice-président de la Commission du Tarif, j'ai dit que l'aspect exposé dans les présentes ne devait pas être écarté et qu'il devait être pris en considération. Bien entendu, j'ignore les conclusions et le rapport consultatif de ce Comité interministériel sur ce sujet général, mais je voudrais dire qu'il n'y a rien de nouveau, d'extraordinaire ou d'inhabituel dans l'idée et je ne crois pas non plus qu'elle heurte, par son esprit ou sa lettre, les principes de base des accords commerciaux.

Il ne devrait pas y avoir d'obstacles à fournir aux importateurs canadiens et aux exportateurs étrangers la possibilité pratique de déterminer, en concluant une transaction internationale, s'il existe un danger en vertu de la législation antidumping qui pèndrait comme une épée de Damoclès sur leurs têtes, ou si l'importateur peut négocier sans danger le prix le plus avantageux, comme nous devrions parfois nous en souvenir, si aucune industrie n'est touchée, il est bénéfique à notre balance internationale des paiements d'avoir à acheter le moins possible de dollars forts des États-Unis pour payer ce que nous importons, et il y a par conséquent là un aspect d'intérêt public.

Je ne vois aucune justification valable d'abandonner à un maquis littéraire d'incertitude des exonérations claires de la clause antidumping, ce qui pourrait amener ce que j'ai expliqué dans mon mémoire au ministre des Finances.

Je crois que c'est souvent non pas ce que la loi représente pour les gens avertis, mais bien la façon dont ceux qui ne le sont pas l'interprètent, pour ensuite envahir le marché sans



ducting their affairs within the bounds of prudence and in a predatory manner that determines the commercial climate. A capacity to issue rulings of exemption as a hunting licence to bargain for the best possible price to the public advantage in terms of our Balance of Payments and the capacity to create a climate by the absence of such ruling within the perimeter of my contentions redounds to the advantage of the importer and the manufacturer and would be acclaimed and applauded by all.

It would create the onus or burden on manufacturers to come forward and make the Customs Administration aware of their production, and the areas of production in respect of which the importer would lie in peril, if he becomes involved in predatory import situations, and on the other hand importers surely should be in a position to obtain a hunting licence of exemption where there is no Canadian production and where there has been no manifestation of intent to produce and the desire that the umbrella should be raised in anticipation of production which is retarded or contended to be retarded by virtue of predatory imports.

I personally believe that in the interests of manufacturers and in the interests of importers the question of onus or burden should not rest entirely on the Customs Administration to indulge in a perpetual hunting expedition, but that it should rest on both parties, on the one hand manufacturers to indicate their production and have determination of the recognition thereof for dumping duty purposes, or their intent to produce and the desire for the shelter of the umbrella pending production, and also that importers where the manufacturer has taken no such moves should surely not be denied the prerogative of obtaining a ruling that they may bargain for the lowest possible prices abroad with impunity which would reduce their cost and redound to the public interest in respect of the influence of low prices on imported goods on the Balance of International Payments.

I think this type of legislation would serve both manufacturers and importers in the practical conduct of Customs affairs.

## MANUFACTURERS

In terms of the position of the manufacturer and the advantages that would arise from any proposal you will note my submission to the Minister contained the following comment:

"Such provision for exemption I think would be to the advantage of manufacturers themselves, as if there is no such

prudence et d'une façon de pillard qui détermine le climat commercial. Le pouvoir de distribuer des exonérations aussi facilement qu'un permis de chasse pour négocier le prix le plus avantageux pour le bénéfice commun pour ce qui est de notre balance des paiements, et le pouvoir de créer un climat par l'absence de telles décisions, dans les limites de mes affirmations, joueraient à l'avantage de l'importateur et du fabricant et seraient accueillis avec joie par tous.

Cela obligerait les fabricants à informer l'Administration des douanes de leur production et des domaines de production qui pourraient constituer un danger pour l'importateur s'il était mêlé à des importations de «pillage» et, d'un autre côté, les importateurs seraient sans doute en mesure d'obtenir une exonération en l'absence de production canadienne et lorsqu'il n'y a pas de manifestation d'intention de produire ou de désir de protection en prévision d'une production qui est retardée ou que l'on prétend être retardée par les importations de pillage.

Je crois personnellement que dans l'intérêt des fabricants et des importateurs, l'obligation de se mettre en perpétuel état d'expédition de chasse ne doit pas incomber uniquement à l'Administration des douanes, et aussi que les importateurs, lorsque le fabricant n'a pris aucune mesure semblable, ne devraient certainement pas se voir refuser la prérogative d'obtenir le droit de négocier sans danger le meilleur prix possible à l'étranger, ce qui réduirait les coûts et serait à l'avantage de tous, sous le rapport de l'influence des bas prix des produits importés sur la balance des paiements internationaux.

Je crois que ce genre de loi serait à l'avantage des fabricants et des importateurs pour ce qui est des questions douanières.

## FABRICANTS

Pour ce qui est de la position du fabricant et des avantages ressortant de toute proposition, vous remarquerez que j'ai fait le commentaire suivant dans mon mémoire au ministre:

«Une telle disposition d'exonération serait, à mon avis, à l'avantage des fabricants eux-mêmes, car à défaut d'une telle

exempt ruling then in effect it is notification that imports may be to the peril of the importer if undervalued and injury arises.

To some measure the absence of rulings of exemption and the presence of rulings of class or kind made in Canada status might offer some reasonable restraint or deterrent to predatory imports to the disadvantage of both manufacturers and also importers interested in orderly marketing at fair prices.

## IMPORTERS

From the point of view of the importers in Canada or exporters to Canada you will note my submission touched on this in the following terms;

"Clearly it is advantageous and within the spirit of the Trade Agreements to put the onus on the manufacturer to ab initio come forward and make the Customs Administration aware of his production by applying for a ruling of class or kind made in Canada status, in which he indicates the factual basis for the same.

Surely it collides with the spirit and purpose of the Trade Agreements which is not to raise tariff barriers or create non-tariff or other barriers to not continue to provide the importer with a hunting licence to purchase at the lowest possible price without fear of Antidumping penalties on a ruling of class or kind not made in Canada status where there is no prevailing Canadian production nor has any manufacturer taken the onus or burden of coming forward to establish protection with a tariff umbrella against anticipated production which would be retarded by any continuation of an exempt determination."

To exemplify the type of legislation that would provide this premises and I feel also not collide with the spirit of the Trade Agreements, you will note this is set forth to try and vividly portray the picture in the final part of my submission to the Minister.

I might mention I am a complete convert to the concept rather than class or kind made or not made in Canada of turning a tariff position comparing a high or low tariff on a determination of whether or not comparable articles, goods or wares are available in Canada of Canadian production which would have regard of course to performance charac-

décision d'exonération, cela constituerait en effet un avis que les importations sont aux risques et périls de l'importateur s'il y a sous-évaluation et préjudice.

Jusqu'à un certain point, l'absence de décisions d'exonération et la présence de décisions sur le statut de fabrication canadienne de classes ou de catégories pourraient constituer une restriction raisonnable aux importations de pillage qui sont au détriment des fabricants et des importateurs intéressés à une commercialisation ordonnée et faite à des prix équitables.

## IMPORTATEURS

Vous remarquerez que, dans mon mémoire, j'ai abordé la question des importateurs au Canada ou des exportateurs vers le Canada, en les termes suivants:

«Il est évidemment avantageux et conforme à l'esprit des accords commerciaux d'obliger le fabricant à, dès le début, informer l'Administration des douanes de sa production en sollicitant une décision sur le statut de fabrication canadienne des classes ou des catégories et en indiquant leurs principes réels.

Il est sûrement contradictoire à l'esprit et au but des accords commerciaux, qui ne sont pas d'élever des barrières douanières ou de créer des barrières non tarifaires ou autres, de ne pas continuer à fournir à l'importateur la permission d'acheter au prix le plus avantageux sans crainte de pénalisation antidumping, sur une décision de statut de fabrication canadienne des classes ou catégories, lorsqu'il n'y a pas de production canadienne importante et qu'aucun fabricant n'a pris l'initiative d'établir une protection tarifaire contre une production prévue qui serait retardée par toute continuation d'une détermination d'exonération».

Pour donner un exemple du genre de législation qui permettrait cela, et je ne crois pas qu'elle heurte l'esprit des accords commerciaux, vous remarquerez que c'est exposé dans la dernière partie de mon mémoire pour essayer de décrire de façon vivante la situation.

Je dois dire que j'ai pleinement confiance dans le principe, en opposition au principe de fabrication canadienne des classes ou des catégories, d'appliquer une position tarifaire, avec comparaison d'un tarif bas ou élevé, à la détermination de savoir s'il y a des articles ou marchandises comparables disponibles au Canada ou non parmi la production cana-



teristics and a sensible weighted comparison from a competitive point of view.

This premises, I think, responds quickly to changing conditions and the Government might well consider legislation such as I have drafted but modify it in terms of "goods, articles or wares where similar or competitive goods, articles or wares are unavailable in Canada of Canadian production."

As time marches on, the importance of legislation that reflects these principles will, I think, become abundantly manifest and the absence of this would merely contribute to confusion to the disadvantage of both manufacturers and importers.

I would think it would be erroneous and without substance to take the position that because the Antidumping Code embodies the proposition of protection to industry in the sense of imports or the threat of imports that might prevent an industry from being established that in some magic manner this torpedo does my proposition as this I think would be like swinging the elephant by the tail or trying to kill a fly on the side of a horse with an axe.

This aspect can readily be met by the following types of determinations;

a) that articles, goods or wares are held to be exempt from the legislation by virtue of a class or kind not made in Canada determination,

b) that in spite of a class or kind not made in Canada status determination by virtue of inadequacy of accomplished production and an incapacity to say that as a condition precedent to made in Canada status a substantial proportion of consumption has been produced that by virtue of information presented to the Government, to the Deputy Minister of National Revenue, Customs and Excise, an industry is either prevented from being established or retarded in its development whereby predatory imports would be within the perimeter of the legislation,

c) rulings of a positive nature that state products or categories are under the legislation because of the recognition of Canadian production.

The presence of rulings of exemption would give comfort to importers and exporters and the absence of rulings of exemption might, I think, provide some reasonable deterrent to importers to a predatory avalanche by some exporter or importer looking at the

dienne, ce qui aurait trait naturellement aux caractéristiques de rendement et à une comparaison mesurée raisonnable du point de vue concurrentiel.

Cette conception répond rapidement, je crois, aux conditions changeantes et le gouvernement pourrait bien considérer une législation telle que celle que j'ai ébauchée, mais en la modifiant en les termes suivants: «marchandises ou articles ou produits similaires ou concurrentiels ne sont pas disponibles au Canada de la production canadienne».

Avec le progrès du temps, l'importance d'une loi qui refléterait ces principes se manifesterait très clairement et son absence ne ferait qu'entraîner la confusion au détriment des fabricants et des importateurs.

Je crois qu'il serait erroné et sans fondement de dire que parce que le Code antidumping comprend la disposition de protection de l'industrie dans le cas des importations ou des menaces d'importations qui pourraient empêcher l'établissement d'une industrie, cela détruit mon idée comme par enchantement, car je crois que ce serait futile.

On peut immédiatement résoudre ce problème par les déterminations suivantes:

a) que les articles, marchandises ou produits soient considérés comme exonérés de la loi en fonction de la détermination que les classes ou les catégories ne sont fabriquées au Canada.

b) que, en dépit d'une détermination de fabrication non canadienne des classes ou des catégories, en vertu d'une production réalisée inadéquate et d'une impossibilité de dire que comme condition préalable au statut de fabrication canadienne, une forte proportion de la consommation a été produite, que, en vertu de renseignements fournis au gouvernement, au sous-ministre du Revenu national (douanes et accise), une industrie est soit empêchée de s'établir, soit retardée dans son développement, ce par quoi les importations de pillage seraient dans les limites de la loi.

c) des décisions positives à l'effet que des produits ou des catégories sont régis par la loi parce que la production canadienne a été reconnue.

La présence de décisions d'exonération rassurerait les importateurs ou les exportateurs et leur absence pourrait, à mon avis, suffisamment éviter, pour les importateurs, une avalanche de pillage de la part de quelque exportateur ou importateur qui considé-

literary labyrinth of this legislation and presuming he can exceed the bounds of prudence and worry about a deterrent as, if and when he is confronted with or collides with the Customs Administration or the manufacturer in some manner under the terms of the legislation provided.

To suggest that what I have to say collides with the spirit of the Antidumping Code it seems to me would be untenable. One might suspect that Governments go to Trade Agreement negotiations not to increase tariffs normally but to reduce them and if there is some protective lustre in the proposition that the Code would enable protection to arise from threat of injury such as mere price quotations and thereby in some manner this would preclude what I have to say as being incompatible therewith, I would feel this could hardly be the case as it would not tax the ingenuity of the architect of this legislation to draft something effective in the manner I have indicated herein and herewith.

Why deny a manufacturer the saving grace of such type of legislation and the administrative prerogative where the absence of a ruling of exemption or a hunting licence to importers and the presence of the fact that such rulings could be made would in the avenues of Commerce, I suggest, be of immediate significance as a warning that peril presents itself to the predatory practice.

Why deny an importer and what virtue attaches to denying the importer the capacity or the foreign exporter the capacity to determine areas in which low prices can arise on import transactions with impunity.

I cannot help but be convinced that the question of onus or burden should be met by both manufacturers and importers to resolve a general administrative atmosphere within such type of administrative capacity.

One cannot imagine objections by trading partners which often seems to me an amusing term where our trading partner can be the manufacturer's rival and regarded as an interloper in our domestic market—however, this is used of course in a generic sense in the panorama of export and import commerce but what possible objection could be made to any such legislation.

I have no doubt that we can no longer expect economic isolationism in the modern world behind tariff barriers that extinguish competition and that it is in the public interest to be particularly concerned with

erait le labyrinthe littéraire de cette loi et supposerait qu'il peut dépasser les limites de la prudence et ne s'occuper de l'élément dissuasif que lorsqu'il fait face ou heurte l'Administration des douanes ou le fabricant de quelque façon aux termes de la loi.

Il me semble que le fait de suggérer que ce que j'ai à dire entre en contradiction avec l'esprit du Code antidumping serait insoutenable. On pourrait soupçonner que les gouvernements vont aux négociations des accords commerciaux non pas pour augmenter les tarifs douaniers, mais bien pour les réduire, et s'il semble y avoir quelque apparence de protection dans l'idée que le Code fournirait une protection contre la menace ou le préjudice, comme le fait de donner les prix et, par conséquent, cela réfuterait de quelque façon mes arguments et les déclarerait incompatibles, mais je ne pense pas que cela saurait être le cas, car on n'exigerait pas trop de celui qui a ébauché cette loi en lui demandant de faire un projet efficace de la façon que je propose ici.

Pourquoi refuser à un fabricant le salut d'une telle législation et la prérogative administrative alors que l'absence d'une décision d'exonération aux importateurs et le fait que ces décisions pourraient être prises seraient à mon avis, du point de vue commercial, d'une importance immédiate comme mise en garde contre le danger du pillage?

Pourquoi refuser à un importateur, et quelle utilité y-a-t-il à refuser à un importateur ou à un exportateur étranger le pouvoir de déterminer les domaines dans lesquels les bas prix peuvent se présenter avec impunité dans les importations?

Je ne peux être que convaincu que le fardeau doit être porté par les fabricants aussi bien que les importateurs pour résoudre une atmosphère administrative générale dans les limites d'un tel genre de pouvoir administratif.

On ne pourrait imaginer d'objections de nos partenaires commerciaux, ce terme me semble souvent amusant, si l'on considère que notre partenaire commercial peut être le rival du fabricant et considéré comme un intrus dans notre marché intérieur, mais il s'agit évidemment d'un terme générique dans les échanges internationaux, mais quelle objection pourrait-on bien formuler devant une telle loi?

Je suis persuadé que nous ne pouvons plus nous attendre à un isolationnisme économique dans le monde moderne, derrière des barrières tarifaires qui sapent la concurrence, et qu'il est dans l'intérêt de la collectivité de



efficient and economic production rather than growing bananas in greenhouses and the substance of what I have to say would hardly be in conflict with that proposition.

The concept of producing a substantial and not an insubstantial proportion of the market has served the interest of consumers well and a ten per cent of consumption condition precedent to made in Canada status is, I suggest, in the eyes of importers a modest and insubstantial and not onerous obligation on the manufacturer.

Why eliminate this avenue of safeguard for consumers and of advantage to manufacturers to have a determination made and published in the *Canada Gazette* when production permits or enables this to arise on this premises and deal with marginal production and incubatory manufacturing or the aspect of not preventing industry being established in the form and manner I suggest.

There would surely be less flies in the tariff ointment by the presence of these provisions than in their absence.

I am convinced the absence of such feature as I suggest in the legislation would make the complex, ponderous, intricate and very sophisticated antidumping legislation seem to many traders and indeed manufacturers as well a virtual invitation to deluge the market with an inundation and to stimulate situations where from a manufacturer's point of view the milk will be spilt and market erosion occur and the effects of any relief seem like bringing in the Fire Department after the barn burns down.

On the other side of the coin surely importers would welcome the proposition of a clear capacity to determine areas in which they can bargain with impunity for the lowest possible import cost with an advantage to our Balance of International Payments in minimizing the hard dollar requirement.

Faithfully yours,

(Signed) P. Frederic Jackson

November 7th, 1968.

The Honourable E. J. Benson,  
Minister of Finance,  
Department of Finance,  
Confederation Building,  
Ottawa 4, Ontario.

Honourable Sir:—

May I make representation as *amicus curiae* rather than in behalf of an individual corporation or corporations, as I see no par-

faire particulièrement attention à une production rentable et suffisante plutôt que de vivre en vase clos, et l'essence de mes paroles n'entrerait pas en contradiction avec cette idée.

L'idée de produire une forte proportion du marché a bien servi l'intérêt des consommateurs et les 10 p. 100 de la consommation nécessaires au statut de fabrication canadienne constituent, aux yeux des importateurs, une obligation modeste pour le fabricant.

Pourquoi éliminer cette sauvegarde au consommateur et cet avantage au fabricant de faire une détermination et de la publier dans la *Gazette du Canada* alors que la production le permet selon ce principe, et de s'occuper de la production marginale et de la fabrication repliée ou de l'aspect de ne pas empêcher l'établissement d'une industrie de cette façon?

La présence de ces dispositions profiterait plus au tarif douanier que leur absence.

Je suis persuadé que l'absence de cette caractéristique dans cette loi antidumping qui est des plus complexes constituerait pour beaucoup de commerçants et de fabricants une invitation à inonder le marché et à créer des situations où, du point de vue des fabricants, il y aurait des dégâts et une érosion du marché et où les mesures de secours ressembleraient à l'appel aux pompiers après que la grange a été rasée.

D'un autre côté, il est certain que les importateurs accueilleraient bien l'idée d'un pouvoir clair de déterminer les domaines où ils peuvent négocier sans danger le coût d'importation le plus intéressant, avec l'avantage pour notre balance des paiements internationaux de minimiser nos besoins en dollars forts.

Veuillez agréer, monsieur le président, l'expression de ma haute considération.

P. Frederic Jackson

Le 7 novembre 1968.

L'honorable E. J. Benson  
Ministre des Finances  
Édifice de la Confédération  
Ottawa 4 (Ont.)

Monsieur le ministre,

Puis-je formuler mes observations en qualité d'*amicus curiae* plutôt qu'en tant que représentant d'une ou de plusieurs sociétés.

ticular advantage to a multiplication of representations as the alter ego of both importers and manufacturers to the same force and effect.

Our professional practice is unique and probably without counterpart in the sense that we are not the handler of cases or issues on a windfall, per diem or any other basis but the tariff representative of corporations under the perimeter of general retainer, on the premises of which they operate under the aegis of our advice and we endeavour to make them as sophisticated as possible in the Tariff field.

In what I am about to say I am professionally convinced that not a single client would disagree with me and that I could very readily be making such a representation individually as the alter ego of each and every corporation principal.

I refer to one aspect of the draft Antidumping Legislation. Ab initio may I say that this document appears to be sophisticated and it is manifest that it attracted very substantial attention and study by various officials who are undoubtedly involved as architects of this literature.

While exemption from the Antidumping Clause appears to be provided in the draft on the ponderous premises of an Order in Council, and of course this discretionary prerogative prevails under the present Antidumping legislation which may be exercised in a particular situation, I would urge the preservation also of an exemption turning on class or kind not made in Canada status and I do not see any purpose, reason or advantage—on the contrary—to extinguishing the concept that:—

(a) goods, articles or wares of a class or kind made in Canada are subject to the Antidumping legislation;

(b) goods, articles or wares held to be of a class or kind not made in Canada are exempt.

This provision, for example, of exemption turning on class not made in Canada does not extinguish or collide with or be in conflict with any injury type Antidumping legislation.

It would not be realistic and without foundation I suggest for anyone to contend or take the position that because the Antidumping legislation is concerned with safeguarding the interests of Industry as against the threat of competition or retarding the development of

Je ne vois pas d'avantage particulier à la multiplication des instances de porte-parole représentant au même titre les importateurs et les manufacturiers.

Notre activité professionnelle est unique en son genre et n'a probablement pas sa contrepartie, en ce sens que nous ne sommes pas chargés de cas ou d'affaires par hasard, au jour le jour ou de toute autre façon, mais plutôt les représentants en douane de sociétés qui retiennent nos services et qui agissent sur nos recommandations, et nous voulons qu'ils puissent être aussi renseignés que possible dans le domaine tarifaire.

Dans les faits que je suis prêt à avancer, je suis convaincu qu'aucun de mes clients ne me désavouera, et que je peux parfaitement formuler ces observations en tant que particulier et au nom de chacune des sociétés.

J'aimerais me référer à un aspect du projet de loi antidumping. Pour commencer, pourrais-je dire que ce projet de loi me paraît très recherché et qu'il a attiré manifestement une très grande attention et qu'il a été étudié en profondeur par les différents responsables qui ont été sans doute parmi les architectes de ce projet.

Puisque l'exemption de la clause antidumping apparaît, dans le projet de loi, comme ressortissant à un décret en conseil, et que bien entendu cette prérogative discrétionnaire fait partie de la présente législation antidumping et qu'elle peut être appliquée dans des circonstances particulières, j'aimerais demander que l'on preserve aussi le droit à une exemption visant les statuts des produits d'une classe ou d'une nature non produites au Canada, et je ne vois aucun objet, raison ou avantage—au contraire—pour éliminer le concept suivant:

a) Les marchandises, objets ou produits d'une classe ou d'une nature produites au Canada sont assujettis à la loi antidumping

b) Les marchandises, objets ou produits d'une classe ou d'une nature non produites au Canada sont exemptés

Cette disposition, par exemple, d'une exemption visant la classe non produite au Canada n'abolit pas, ne s'oppose pas, ni ne rentre en conflit avec toute loi protectrice type d'antidumping.

Il ne serait pas réaliste, et il serait sans fondement, de suggérer à tout le monde de contester ou de prendre position, motivé par le fait que la loi antidumping se propose de protéger les intérêts de l'industrie contre les effets de la concurrence ou de retarder le



Industry not yet established, that for this reason class or kind made or not made in Canada status criteria are in conflict with the principles involved in the legislation itself.

The concept or proposition of protection for the manufacturer who desires a tariff umbrella and a tariff shelter through the vehicle of the Antidumping Clause before he has produced and is able to supply consumers can readily be met and is not beyond the acumen or ingenuity of the architects in the Civil Service to draft, in terms of the legislation providing that on the one hand exemption from the Antidumping Clause would arise predicated on the ruling of class or kind not made in Canada status, but in spite of this position based upon the absence of adequate production as a condition precedent thereto, that any manufacturer can come forward and establish to the satisfaction of the Deputy Minister that he intends to manufacture in Canada and has the reasonable capacity and expectation of doing so based on the possession or intended acquisition of necessary facilities to produce, and that he is retarded from establishing the same by virtue of alleged predatory imports and requests that regardless of any ruling of class or kind not made in Canada status by notice in the Canada Gazette it shall be declared that any imports would be subject to the Antidumping Clause as in accordance with information before the Customs Administration retarding the development of or preventing the establishment of a Canadian Industry.

Clearly it is advantageous and within the spirit of the Trade Agreements to put the onus on the manufacturer to ab initio come forward and make the Customs Administration aware of his production by applying for a ruling of class or kind made in Canada status, in which he indicates the factual basis for the same.

Surely it collides with the spirit and purpose of the Trade Agreements which is not to raise tariff barriers or create non-tariff or other barriers to not continue to provide the importer with a hunting licence to purchase at the lowest possible price without fear of Antidumping penalties on a ruling of class or kind not made in Canada status where there is no prevailing Canadian production nor has any manufacturer taken the onus or burden of coming forward to establish protection with a tariff umbrella against anticipated pro-

developpement de l'industrie encore à naître, et que pour cette raison la classe et la nature des objets produits ou non produits au Canada entre en conflit avec les principes exposés dans la loi elle-même.

Le concept ou l'idée de protéger la manufacture qui désire une protection et un abri tarifaires par l'intermédiaire d'une clause antidumping avant qu'elle soit entrée en production et qu'elle soit à même de livrer à la consommation, peut déjà être rejoint, et il n'est pas trop de demander à la perspicacité et à l'ingéniosité des fonctionnaires chargés du projet de loi, que dans une législation prévoyant d'une part l'exemption de la clause d'antidumping, ceci peut faire surgir des difficultés lors de la définition du statut des produits d'une classe ou d'une nature non produites au Canada. Mais, en dépit d'une situation basée sur l'absence d'une production adéquate créant ainsi un précédent permettant à tout manufacturier peut se présenter devant le sous-ministre et établir à la satisfaction de ce dernier qu'il se propose de fabriquer au Canada lesdits produits, et qu'il a la possibilité raisonnable et la volonté de le faire en possédant ou en promettant d'acquiescer le matériel de production, affirmant qu'il est retardé dans l'établissement de son commerce par la vertu d'importations prétendument prédatrices. Il peut demander ainsi que, sans tenir compte de toute acceptation de classe ou de nature non produites au Canada notifiée dans la Gazette du Canada, ces importations soient déclarées sujettes à la clause antidumping conformément aux renseignements fournis à l'administration des Douanes au sujet d'un retard dans le développement ou d'une empêchement à établir une industrie canadienne.

Il devient évident qu'il serait avantageux et dans l'esprit des traités de commerce de laisser au manufacturier le soin de se présenter devant l'administration des douanes et de faire connaître à cette dernière sa production en faisant une demande pour définir le statut de la classe et de la nature des objets produits au Canada dans laquelle il en énonce les caractéristiques de base.

L'esprit et les intentions des traités de commerce, qui sont de ne pas élever de barrières douanières ou de ne pas créer des barrières extra-douanières et autres, coïncident certainement avec les faits de ne pas continuer à pourvoir l'importateur d'une sorte de permis de chasse lui permettant d'acheter au plus bas prix possible, sans crainte de pénalités antidumping, des produits sous le statut de la classe et de la nature non produites au Canada lorsqu'il n'y a pas une production canadienne établie ou qu'aucun manufacturier

duction which would be retarded by any continuation of an exempt determination.

The Balance of Payments, which may be in a very rosy condition at the present time and which can change very quickly under an avalanche of imports or any diminishment of exports, is benefited I suggest by importers where no Canadian industry is affected, having a clear capacity to purchase at the lowest possible cost thereby putting the least possible burden by way of purchase of hard currency dollars from the United States on our Balance of International Payments.

To provide the uncertainty of a vacuum of rulings of exemption would, I think, not redound to the public interest and not redound to the advantage of manufacturers, and be contrary surely to the whole purpose of Trade Agreements which is to stimulate trade between trading partners and not erect non-tariff or other barriers of a detrimental effect.

I attach great importance to this in terms of providing the saving grace of common sense to the practical conduct of Customs and commercial affairs, that as stated supra any final legislation should provide a clear-cut premises of exemption from any Antidumping Clause.

The draft contains of course the provision reading:—

"7. The Governor in Council may exempt any goods or classes of goods from the application of this Act.

It seems to me this is a formidable premises of attaining exemption by Order in Council rather than a ruling process based on class or kind not made in Canada status, as well as the prerogative of Order in Council exemption.

The preservation of the premises that goods, articles, or wares of a class or kind not made in Canada are exempt by Order in Council rather than a ruling process based on wise how would the importer know whether he is free home or whether his imports may be under the Sword of Damocles of the legislation.

Such provision for exemption I think would be to the advantage of manufacturers themselves, as if there is no such exempt ruling then in effect it is notification that imports may be to the peril of the importer if undervalued and injury arises.

n'a pris la responsabilité ou la charge de venir établir une protection tarifaire vis-à-vis d'une future production pouvant être retardée par toute continuation d'un statut d'exemption.

La balance des paiements, qui est peut-être dans une situation favorable à l'heure actuelle et qui peut être très rapidement bouleversée par une avalanche d'importations ou par toute diminution dans les exportations, peut profiter, il me semble, des importateurs, lorsque l'industrie canadienne n'est pas affectée, qui sont déterminés à acheter aux meilleurs prix, faisant ainsi supporter le plus faible fardeau possible à la balance des paiements internationaux en achetant des dollars des États-Unis.

Pourvoir à l'incertitude d'un manque de règlement d'exemption ne serait pas, je crois, dans l'intérêt du public ni à l'avantage du manufacturier, et serait sûrement contraire à l'ensemble des buts des traités de commerce, qui sont de stimuler les échanges entre partenaires et non pas d'ériger des barrières extra-douanières et autres pouvant avoir un effet préjudiciable.

J'attache une grande importance à ceci en permettant aux effets du bon sens de s'appliquer à la conduite pratique des affaires des Douanes et du commerce, afin que toute législation finale pourvoie à une définition précise de l'exemption de toute clause antidumping.

Le projet de loi contient évidemment une disposition qui se lit comme il suit:

7. Le gouverneur en conseil peut exempter des marchandises ou des catégories de marchandises de l'application de la présente loi.

Il me semble que c'est là un principe extraordinaire que d'atteindre l'exemption au moyen d'un décret en conseil plutôt que par un procédé de réglementation basé sur le statut de la classe ou de la nature non produites au Canada, aussi bien que par les prérogatives d'une exemption par décret.

La conservation du principe que les marchandises, articles ou produits d'une classe ou d'une nature non-produites au Canada sont exemptés par décret me semble importante. Sinon, comment l'importateur saurait-il s'il est exempté ou si ses importations peuvent se trouver sous l'épée de Damoclès de la Loi.

Une telle disposition concernant l'exemption serait à l'avantage même du manufacturier, je crois, car si aucune règle d'exemption n'existait, il deviendrait notable que les importations seraient faites au risque de l'importateur advenant une dévalorisation ou des dégâts.



To some measure the absence of rulings of exemption and the presence of rulings of class or kind made in Canada status might offer some reasonable restraint or deterrent to predatory imports to the disadvantage of both manufacturers and also importers interested in orderly marketing at fair prices.

The traditional Antidumping Clause has involved:—

(i) exemption turning on class or kind not made in Canada status; and

(ii) the prerogative to exempt by Order in Council;

I see no reason why the premises of exigibility should be disturbed or is contrary to the letter and the spirit of the Kennedy Round Code.

An exemplification of the type of provision that would provide a premises of exemption and yet safeguard the interests of an actual or potential manufacturer would be perhaps the provision such as:—

1. Goods, articles or wares imported shall be exempt from this Act and dumping duty shall not be collected if,

(a) such goods, articles or wares, or class of goods, articles or wares, have been declared exempt by Order in Council, or

(b) a determination of class or kind not made in Canada status is in force and effect at the time of importation,

(c) any corporation or other person who is not manufacturing any article, goods or wares or class of articles, goods or wares but intends to do so may establish to the satisfaction of the Deputy Minister of National Revenue, Customs and Excise, that he is in a reasonable position to produce and there is a reasonable expectation of production, and the Deputy Minister may then, even though such goods, articles or wares, or class of goods, articles or wares, are not manufactured in Canada, if the Deputy Minister is satisfied that such production is prevented from being established by imports at an undervaluation then determine that this Act applies thereto and dumping duty shall be collected in accordance with this, subsequent to any publication in the Canada Gazette of his determination in that behalf, and with reasonable and adequate notice to importers.

(d) When a corporation or other person intending to produce or manufacture in

Jusqu'à un certain point, l'absence de règlement d'exemption et la présence de règlement du statut de la classe ou de la nature produites au Canada peut offrir quelques restrictions raisonnables ou préventives à l'importation prédatrice, au désavantage tant du manufacturier que de l'importateur qui s'intéresse à un marché ordonné et à prix raisonnables.

La clause habituelle antidumping comprendrait les dispositions suivantes:

(i) L'exemption visant au statut de la classe et de la nature non produites au Canada; et

(ii) la prérogative d'exemption par décret.

Je ne vois aucune raison pourquoi les principes de l'exigibilité devraient être modifiés ou seraient contraires à l'esprit et à la lettre du Code des Négociations Kennedy.

Un exemple du type de dispositions qui pourvoieraient aux principes de l'exemption tout en sauvegardant les intérêts du manufacturier existant ou futur pourrait être éventuellement celui-ci:

1) Les marchandises, articles ou produits importés sont exempts des dispositions de cette Loi et le droit de dumping ne sera pas prélevé si:

(a) de telles marchandises, articles ou produits, ou classes de marchandises articles ou produits ont été exemptés par décret, ou

(b) une spécification du statut de classe ou de nature non-produites au Canada est en vigueur à la date d'importation,

(c) Toute société ou autre personne ne fabriquant aucun article, marchandises ou produit, ou classe d'articles, marchandises ou produits, mais ayant l'intention de les produire devra établir à la satisfaction du sous-ministre du Revenu national (Douanes et Accise) qu'il est dans une position raisonnable de produire, et qu'il y a une raisonnable promesse de production, et le sous-ministre pourra alors, même si de telles marchandises, articles ou produits ne sont pas fabriqués au Canada, si le sous-ministre est persuadé qu'une telle production est empêchée par des importations sous-évaluées, pourra juger que la présente Loi s'applique ainsi et un droit de dumping sera prélevé pertinemment, après publication d'une telle décision dans la Gazette du Canada et sous avis raisonnable et adéquat aux importateurs.

(d) Lorsque l'intention de produire au Canada d'une société ou d'une autre per-

Canada has established to the satisfaction of the Deputy Minister of National Revenue, Customs and Excise, that he is prevented from being established because of importations exempt from the Antidumping Clause at an undervaluation, and upon the Deputy Minister of National Revenue, Customs and Excise, being satisfied that there is a reasonable expectation of manufacture because of the position or the intention to acquire production facilities with a reasonable expectation of the capacity to manufacture, and when the Deputy Minister of National Revenue, Customs and Excise, is satisfied that imports at an undervaluation would prevent the industry from being established or retard its development, he may determine that such goods or class of goods as would be produced are subject to the provisions of this Act even though of a class or kind not made in Canada at the time of importation, and such determination shall be published in the Canada Gazette and shall be deemed effective thirty days after the date of publication.

- (e) Goods, articles or wares, or classes of goods, articles or wares, shall be deemed to be subject to the provisions of this Act unless declared exempt by Order in Council or on the basis of a ruling of class or kind not made in Canada status as provided for in the preceding provisions of this Act.

Faithfully yours,

(Signed) P. Frederic Jackson

sonne a été établie à la satisfaction du sous-ministre du Revenu national, (Douanes et Accise) et que cette société est empêchée de s'établir à cause d'importations sous-évaluées exemptées de la clause antidumping, et que le sous-ministre du Revenu national (Douanes et Accise) croit qu'une probabilité de manufacture raisonnable due à la disposition et à l'intention d'acquérir du matériel de production avec une probabilité raisonnable de manufacture, et lorsque le sous-ministre du Revenu national (Douanes et Accise) croit que les importations sous-évaluées empêcheront l'industrie de s'établir ou retarderont son expansion, il peut spécifier que de telles marchandises ou classe de marchandises telles qu'elles seront produites, sont sujettes aux dispositions de cette Loi même si elles sont d'une classe ou d'une nature non-produites au Canada à l'époque de l'importation, et qu'une telle décision sera publiée dans la Gazette du Canada et qu'elle entrera en vigueur 30 jours après la date de publication.

- (e) Les marchandises, articles ou produits, ou les classes de marchandises, articles ou produits seront jugées sujettes aux dispositions de cette Loi, sauf si elles ont été déclarées exemptes par décret, ou sur la base d'un règlement sur le statut de la classe ou de la nature non-produites au Canada, en vertu des dispositions précédentes de cette loi.

Veillez agréer, monsieur le ministre, mes considérations distinguées.

P. Frederic Jackson



## APPENDIX WW

POLYMER CORPORATION LIMITED  
SARNIA, CANADA

November 8, 1968.

Mr. Gaston Clermont, Chairman  
and Members,

Standing Committee on Finance, Trade and  
Economic Affairs,  
House of Commons, OTTAWA, Ontario.

Dear Mr. Clermont:

Polymer Corporation Limited appreciates the opportunity provided by the Minister of Finance to express its views in writing on the Draft Anti-Dumping Legislation to the Standing Committee on Finance, Trade and Economic Affairs prior to introduction of this legislation in the House of Commons.

Polymer Corporation Limited is a major manufacturer and marketer of synthetic rubber, competing domestically and also internationally with other large foreign producers. Polymer Corporation Limited is also a significant manufacturer of synthetic resins. Severe competition is encountered in all marketing areas and, in the present environment of trade liberalization and reduction of tariff protection, the severity of this competition is expected to increase. Our company is, and will continue to be, competitive in these fields, but it is essential for the continued health of the Corporation that unfair competitive practices be eliminated in Canada.

Under the existing anti-dumping legislation, unfair competitive practices of that nature have been minimized and we have been able to sustain a reasonably stable domestic participation. We are naturally concerned that Canada's new Anti-Dumping legislation should be at least as effective as the existing legislation in protecting Canadian industries against any form of injurious dumping.

The Committee may be aware that in November, 1967, shortly after the Canadian Government had agreed to the International Anti-Dumping Code, we submitted our company's views in writing to the Committee's Secretary, Mr. Hines. This submission included a number of requirements which we explained would be necessary to ensure adequate protection is available under the new Act. We are pleased that this legislation generally reflects these requirements.

We have given careful consideration to the Draft Canadian Anti-Dumping Act and gener-

## APPENDICE WW

Société Polymer Ltée  
Sarnia, Canada

Le 8 novembre 1968.

M. Gaston Clermont, président  
et membres du

Comité permanent des finances, du commerce  
et des questions économiques,  
Chambre des communes,  
Ottawa.

Cher M. Clermont,

La Société Polymer Ltée est heureuse que le ministre des Finances lui fournisse l'occasion d'exprimer ses vues par écrit sur le projet de loi canadienne antidumping, devant le Comité permanent des finances, du commerce et des questions économiques, avant qu'il soit présenté à la Chambre des communes.

La Société Polymer Ltée est un important fabricant de caoutchouc synthétique, qu'elle écoule sur le marché intérieur et sur les marchés internationaux en concurrence avec de grands producteurs étrangers. Elle a aussi une fabrication assez importante de résine synthétique. Elle rencontre une concurrence marquée dans toutes les régions et, à l'ère de libéralisation du commerce et de réduction de la protection tarifaire, elle s'attend à voir s'accroître encore cette concurrence. Notre entreprise soutient et continuera de soutenir la concurrence dans ces domaines, mais si elle doit demeurer une entreprise bien portante, il est indispensable de faire disparaître du Canada les pratiques injustes de concurrence.

Aux termes de la loi antidumping actuelle, les pratiques injustes de cette nature ont été minimisées et nous avons en conséquence pu maintenir une participation assez stable au marché intérieur. Nous espérons naturellement que la nouvelle loi antidumping sera au moins aussi efficace que la loi actuelle, pour protéger les industries canadiennes contre toute forme de dumping préjudiciable.

Comme le comité l'aura sans doute noté, en novembre 1967, peu de temps après que le gouvernement canadien eut ratifié le Code antidumping international nous avons présenté les vues de notre société par écrit au secrétaire du comité, M. Hines. Nous expliquons alors que, pour assurer une protection suffisante, la nouvelle loi devrait prévoir un certain nombre d'exigences. Nous sommes heureux de constater que le projet de loi reflète en général ces exigences.

Ayant soigneusement examiné le projet de loi canadienne antidumping, nous le trouvons

ally find this instrument acceptable. However, we wish to register the following comments on specific sections:

**SECTION 5**—This section describes the conditions under which retroactive duty may be levied. In accordance with the International Code, the application of this provision is limited to goods which were entered during a period of *90 days* prior to the date on which the Deputy Minister made a preliminary determination of dumping.

Under the United States Anti-Dumping Regulations issued on June 1, 1968, we note that, contrary to the International Code, Section 53.56 directs assessments of a special duty on dumped goods entered or withdrawn from warehouse, for consumption, not more than *120 days* before the question of dumping was raised by or presented to the Secretary.

We recommend that Section 5 be amended to include a special provision extending the period of retroactivity on dumped goods of United States origin to 120 days.

**SECTION 7**—In our opinion, it is essential that any exemptions from the application of this Act as may be decided by the Governor-in-Council should be published in the *Canada Gazette*.

**SECTION 13 (1)**—We are in agreement with the provision contained in this section which permits the Deputy Minister to initiate an investigation into dumping on his own initiative. However, as we now understand Canadian Customs entry forms are filed by each port Appraiser with the appropriate regional office and are no longer forwarded to the Customs Division in Ottawa for examination, we believe it essential that the Deputy Minister ensure that the organization and procedures of the Customs and Excise Division are such that possible dumping activities are discovered and brought to his attention quickly and comprehensively.

**SECTION 13 (1)(a), 13 (1)(b)(ii) and 13 (2)**—Under this section, the Deputy Minister is required to make an investigation forthwith. It is equally essential that he should reach his initial opinion in 13(1) or his decision under 13(2) *expeditiously*.

**SECTION 13 (6)(a)(ii) and 14 (1)(b)**—We are convinced the Committee will recognize that where either the margin of dumping or the volume of dumping is not negligible, either factor by itself may be sufficient to cause injury to a domestic industry. In accordance

acceptable en général. Nous tenons cependant à soumettre les observations suivantes sur des articles en particulier:

**ARTICLE 5**—Cet article précise les conditions dans lesquelles un droit peut être levé ou perçu rétroactivement. Aux termes du Code international, l'application de cette disposition se limite aux marchandises entrées au cours d'une période de *90 jours* antérieure à la date à laquelle le sous-ministre a fait une détermination préliminaire du dumping.

Dans le Règlement antidumping des États-Unis publié le 1<sup>er</sup> juin 1968, nous notons que, à l'encontre du Code international, l'article 53.56 impose l'établissement d'un droit spécial sur des marchandises sous-évaluées, entrées au pays ou retirées d'un entrepôt en vue de la consommation, au plus *120 jours* avant que la question du dumping soit soulevée par le secrétaire ou lui ait été soumise.

Nous recommandons que l'article 5 soit amendé de manière à inclure une disposition spéciale prolongeant la période de rétroactivité à 120 jours sur les marchandises sous-évaluées en provenance des États-Unis.

**ARTICLE 7**—Il est essentiel, à notre avis, que toute exemption de l'application de la loi décrétée par le gouverneur en conseil soit publiée dans la *Gazette du Canada*.

**ARTICLE 13(1)**—Nous sommes d'accord avec la disposition contenue dans cet article, qui permet au sous-ministre de faire ouvrir de sa propre initiative une enquête concernant le dumping de marchandises. Toutefois, telles que nous les comprenons, les formules de déclaration en douane sont présentées, par l'appréciateur des bureaux de douane, au bureau régional approprié et ne sont plus envoyées à la Division des douanes à Ottawa pour examen. Or, il nous paraît indispensable que le sous-ministre veille à ce que l'organisation et les méthodes de la Division des douanes et de l'accise soient telles que toute activité possible de dumping soit découverte et portée à son intention rapidement et de façon complète et détaillée.

**ARTICLE 13(1)a, 13(1)b(ii) et 13(2)**—Aux termes de cet article, le sous-ministre doit faire ouvrir une enquête immédiatement. Il est également essentiel qu'il prenne sa conclusion initiale en 13(1) ou sa décision en 13(2) *promptement*.

**ARTICLE 13(6)a(ii) et 14(1)b**—Nous sommes convaincus que le Comité reconnaîtra que, lorsque la marge de dumping ou le volume de dumping n'est pas négligeable, l'un ou l'autre de ces facteurs peut, à lui seul, être suffisant pour causer un préjudice à une pro-



with this, we believe line 6, page 62 of the draft legislation (Section 13) should be amended to read:

"GOODS AND THE ACTUAL OR POTENTIAL VOLUME OF DUMPED GOODS ARE ..."

At the same time, we believe a change should be made in the wording in line 26, page 64 (Section 14). If it is required that an investigation be terminated only where both the margin of dumping and the volume of dumped goods are negligible (page 62), then it should also be required that a determination of dumping be made where *either* the margin of dumping *or* the volume of dumped goods is not negligible. Accordingly, we suggest there is a need to change the word "and" in line 26, page 64 to "or".

In summary, if the Deputy Minister cannot terminate unless both considerations are negligible, he must be directed to proceed when one or other of the considerations is not negligible.

SECTION 15—This section may be interpreted to say that the Deputy Minister may apply provisional duties at his discretion. We are of the opinion that in all instances where goods are placed under investigation for dumping, the Deputy Minister should be *required* to demand that provisional duties be paid at that point in time. There should be no objections to this practice as such provisional duties as may be levied have to be refunded if threatened or actual injurious dumping is not found.

SECTION 16(5)—In our view, this sub-section should be amended to include "complainants, if any" to the list of parties who should be forwarded a copy of each order or finding.

SECTION 30(1)—The Panel, as we see it, is intended to allow other government departments to express concern if the ruling of the Tribunal and consequent action are deemed to be detrimental to the interests of Canada in general. It is conceivable, for example, that a dumping duty on certain goods could cause an adverse reaction of the part of other governments more than outweighing the benefits of the protection.

The function of the Tribunal is to establish whether injury has occurred or will occur. It is *not* its function to weigh the impact on Canada of the consequences of its decisions. We believe it essential that the Tribunal be

duction nationale. En conséquence, nous pensons que la ligne 6, page 62 du projet de loi (article 13) devrait être amendée en ces termes:

«MARCHANDISES ET LE VOLUME RÉEL OU ÉVENTUEL DES MARCHANDISES SOUS-ÉVALUÉES SONT ...»

Nous pensons également qu'il faudrait modifier le texte à la ligne 26, page 64 (article 14). S'il est exigé qu'il soit mis fin à une enquête seulement lorsque la marge de dumping et le volume de dumping sont négligeables (page 62), il faudrait alors exiger également qu'il y ait détermination du dumping lorsque *soit* la marge de dumping *ou* le volume de dumping n'est pas négligeable. Nous sommes donc d'avis qu'il y aurait lieu de remplacer le mot «et» à la ligne 26, page 64, par le mot «ou».

En somme, si le sous-ministre ne peut mettre fin à l'enquête à moins que les deux éléments ne soient négligeables, il faut lui enjoindre de procéder à l'enquête lorsque l'un ou l'autre des éléments n'est pas négligeable.

ARTICLE 15—On peut interpréter cet article comme signifiant que le sous-ministre peut appliquer un droit temporaire à sa discrétion. Nous croyons que, dans tous les cas où des marchandises font l'objet d'une enquête relative au dumping, le sous-ministre devrait être *tenu* d'exiger qu'il soit versé des droits temporaires immédiatement. Il ne devrait pas s'élever d'objections contre une telle pratique, étant donné que tous droits temporaires doivent être remboursés si on ne découvre pas de menace de dumping ou de préjudice véritable.

ARTICLE 16(5)—A notre avis, il y aurait lieu d'amender ce paragraphe de manière à ajouter «les plaignants, s'il en existe» à la liste des personnes auxquelles il faudrait transmettre copie de toute ordonnance ou conclusions.

ARTICLE 30(1)—Dans notre esprit, le Comité consultatif doit permettre à d'autres ministères du gouvernement d'exprimer des préoccupations si la décision du Tribunal et l'action qui en découle sont tenues pour préjudiciables aux intérêts du Canada en général. Il est concevable, par exemple, qu'un droit de dumping sur certaines marchandises puisse susciter, de la part d'autres gouvernements, une réaction adverse qui ferait plus que contrebalancer les avantages de la protection.

Le Tribunal a pour rôle d'établir s'il y a eu ou s'il y aura préjudice. Il n'a *pas* pour fonction de peser les répercussions pour le Canada des conséquences de ses décisions. Il est essentiel, croyons-nous, que le Tribunal

independent and objective and make its rulings based on the facts of the case. We recognize the function of the Panel but would suggest that the rulings of the Tribunal (made without coercion) should be brought before it, *after* the ruling has been made. The Panel can then evaluate the impact on other areas. If the impact is not significant, the ruling can be published and the Deputy Minister may then proceed to impose dumping duties. If the impact is considered significant, then the Panel can advise the Governor-in-Council of their concern. The Governor-in-Council may then decide to exercise its prerogatives under Section 7 to exempt the goods in question from application of the Anti-Dumping Law. The onus for exemption then properly falls on the Governor-in-Council, not on the Tribunal or the Deputy Minister.

We suggest this section be amended accordingly.

#### GENERAL COMMENTS

In conclusion, we consider the Draft Canadian Anti-Dumping Act provides the broad discretionary powers necessary to permit the authorities to apply this instrument effectively. However, its effectiveness will depend largely upon the spirit and manner in which it is administered and the calibre of the people involved.

Therefore, we consider it is of the utmost importance that the officials responsible for its administration should not only be fully qualified to properly discharge their duties, but should also be fully aware of the need to function expeditiously, aggressively and with Canada's best interest in mind.

Very truly yours,  
S. Wilk,  
Vice-President

reste indépendant et objectif et prenne ses décisions en se fondant sur les faits. Nous reconnaissons le rôle du Comité consultatif, mais nous estimons que les décisions du Tribunal (prises sans coercition) devraient lui être soumises *après* que la décision a été prise. Le Comité consultatif peut alors en apprécier la répercussion sur d'autres secteurs. Si la répercussion n'est pas sensible, la décision peut être publiée et le sous-ministre peut alors imposer les droits de dumping. Si on considère la répercussion comme sensible, le Comité consultatif peut faire part de son inquiétude au gouverneur en conseil. Le gouverneur en conseil peut alors décider d'exercer les prérogatives que lui confère l'article 7 pour exempter les marchandises en question de l'application de la loi antidumping. C'est alors au gouverneur en conseil que l'exemption incombe et non au Tribunal ou au sous-ministre.

Nous proposons donc d'amender cet article en conséquence.

#### COMMENTAIRES GÉNÉRAUX

En conclusion, nous estimons que le projet de loi canadienne antidumping prévoit les larges pouvoirs discrétionnaires nécessaires pour permettre aux autorités d'appliquer cette loi de façon efficace. Son efficacité dépendra toutefois, en grande partie, de l'esprit dans lequel elle sera appliquée en même temps que de la façon dont elle sera appliquée et du calibre des personnes qui l'appliqueront.

Nous croyons donc qu'il importe au plus haut point que les hauts fonctionnaires chargés de l'application de cette loi soient non seulement parfaitement compétents pour bien s'acquitter de leur fonction, mais parfaitement conscients de la nécessité d'intervenir promptement, positivement et en ayant toujours présents à l'esprit les meilleurs intérêts du Canada.

Bien sincèrement vôtre,  
S. Wilk, vice-président.



## APPENDIX XX

## RETAIL COUNCIL OF CANADA

Suite 705, 74 Victoria Street

Toronto 1, Ontario

November 29th, 1968

Mr. Gaston Clermont, M.P.,  
Chairman,  
Standing Committee on Finance,  
Trade and Economic Affairs,  
House of Commons,  
Ottawa, Canada.

Dear Mr. Chairman:

This Council represents directly most of Canada's medium sized and larger retailers and a cross-section of the smaller units in the industry. Affiliated with it are most of the specialised retail trade associations. Cumulatively, the membership of these two groups represents over 50% of the retail store trades performed in Canada.

We are not making a substantive submission to the Committee on the subject of the proposed Anti-Dumping Legislation, as most of our members who are substantial importers are represented in the membership of the Canadian Importers Association Inc., which recently made a submission to your Committee. The terms of that submission are, of course, endorsed by the retail trade.

There is one aspect of the proposed legislation which was dealt with in the Canadian Importers Association brief which has probably more relevance to the retail trade than to any other sector of business. We refer to the proposed Section 33(2) which provides that the Minister may assess ultimate purchasers of imported merchandise with dumping duty on the failure of the importer to meet a demand by the Minister for payment.

Here we do not in any sense quarrel with the comments advanced by the Importers Association. We simply wish to amplify the points made by it and allude to the special difficulties which would be imposed on retailers with the introduction of this section.

As the legislation is written, it seems that every retail customer of imported merchandise would bear a potential liability for dumping duty unless he verified from the Department of National Revenue that each consignment would not be assessed for dumping duty. We question whether the Department would be willing to grant such clearances and, any event, the magnitude of the task

## APPENDICE XX

RETAIL COUNCIL OF CANADA  
TORONTO, ONTARIO

Le 29 novembre 1968

M. Gaston Clermont, député  
Président du Comité permanent  
des finances, du commerce et  
des questions économiques  
Chambre des communes  
Ottawa.

Monsieur le président,

Le Conseil représente directement la plupart des détaillants de moyenne et de grande importance, de même qu'un groupe représentatif des membres moins importants de cette industrie. La plupart des associations de détaillants spécialisés y sont aussi affiliées. Au total, les deux groupes représentent plus de 50 p. 100 des professions de vente au détail exercées au Canada.

Ce n'est pas notre intention de faire au Comité une proposition de fond au sujet du projet de loi antidumping, étant donné que la plupart de nos membres, qui sont de grands importateurs, appartiennent à la Canadian Importers Association Inc. qui, elle, a récemment soumis une proposition au Comité. Le libellé de cette proposition a évidemment été approuvé par les détaillants.

Il y a un aspect du projet de loi dont traitait la Canadian Importers Association, dans son mémoire, qui touche sans doute de plus près la vente au détail que tout autre secteur du monde des affaires. Nous faisons allusion à l'article 33, 2) du projet de la loi qui prévoit que le ministre peut exiger un droit antidumping du dernier acheteur d'une marchandise importée si l'importateur ne se conforme pas à la demande du ministre de payer ce droit.

Il ne s'agit pas ici de critiquer les commentaires de l'Importers Association. Nous voulons simplement souligner les points qu'elle a touchés et attirer votre attention sur les difficultés spéciales auxquelles devraient faire face les détaillants si cet article était adopté.

Selon le libellé du projet de loi, il semble que tout acheteur au détail de marchandise importée s'expose à payer un droit antidumping à moins qu'il n'ait vérifié auprès du ministère que chaque lot de marchandise est en franchise. Nous nous demandons si le ministère serait disposé à accorder ces franchises et, de toute façon, l'amplitude de la tâche, si l'on tient compte que, souvent, les

in relation to the small lots often handled by retailers would appear to make the practice unworkable.

If, as we assume, the legislation is intended to strike at collusive action between importers and ultimate trade customers, we would recommend modifying the legislation so that only in cases of collusion does the ultimate trade customer share the liability of the importer.

If the intention is wider than this, we suggest the concept would place a burden on importers disproportionate to the duty lost through the actions of unstable or dishonest original importers.

Naturally, reputable retailers wish to deal with reputable overseas manufacturers and reputable importers. They will check the reliability of these parties when this is possible. They cannot, however, guarantee their information sources, nor are they always in the position to await the results of their enquiries before concluding transactions. It seems unreasonable to require them to act as the guarantors for the liability of their suppliers.

Should the Committee wish to have a delegation from the Council before it to discuss this question, we shall be happy to make appropriate representatives available.

All of which is respectfully submitted.

A. J. McKichan,  
General Manager  
Retail Council of Canada

détaillants ne reçoivent leur marchandise qu'en petites quantités, cette méthode, semble-t-il, serait impraticable.

Si le projet de loi vise, comme nous le croyons, à infliger une pénalité à l'importateur et au dernier acheteur d'une marchandise importée qui se rendraient coupables de collusion, nous vous recommandons de modifier le projet de loi de façon que le dernier acheteur ne partage la responsabilité de l'importateur que dans les cas de collusion.

Si l'intention va plus loin, le principe, à notre avis, ferait peser sur les épaules de l'importateur un fardeau disproportionné aux montants de droits perdus à cause d'importateurs instables ou malhonnêtes.

Les détaillants de bonne réputation souhaitent, bien sûr, faire affaires avec des fabricants d'outre-mer et des importateurs jouissant, eux aussi, d'une bonne réputation. Quand c'est possible, ils vérifient leur honnêteté, mais ils ne peuvent pas, toutefois, garantir la sûreté de leurs sources de renseignements, ni attendre, à chaque occasion, la réponse à leur demande de renseignements avant de conclure une affaire. Il ne semble pas juste d'exiger d'eux qu'ils se portent garants de leurs fournisseurs.

Si le Comité souhaite entendre le Conseil sur cette question, nous serons heureux de vous déléguer nos représentants.

Veuillez agréer, Monsieur, l'expression de mes sentiments respectueux.

*Le directeur général du  
Retail Council of Canada  
A. J. McKichan*



## APPENDIX YY

THE RUBBER ASSOCIATION OF  
CANADA

212 King Street W., Toronto, Ontario  
Telephone 364-3207

November 11th, 1968

Mr. Gaston Clermont,  
Chairman,  
Standing Committee on Finance,  
Trade and Economic Affairs,  
House of Commons,  
OTTAWA, Ontario.

Dear Mr. Clermont:

The Rubber Association of Canada, as the national trade Association of the rubber manufacturing industry, welcomes the opportunity of presenting its views to the Standing Committee on Finance, Trade and Economic Affairs, on the Draft Canadian Anti-Dumping Act.

The rubber industry in Canada is, and has been, highly sensitive to dumping and the threat of dumping in that many product lines which are produced in Canada have been vulnerable to imports from extreme low price competition from countries such as Japan, Hong Kong, Taiwan, Communist China, Czechoslovakia and Poland in which it is virtually impossible to ascertain normal value.

This Association wishes to go on record as being in agreement with the general principles which have been followed in the preparation of the Draft Anti-Dumping Act. This Draft has certainly gone a long way in relieving some of the fears and concerns which were expressed in our letter to Mr. G. H. Glass, Chairman, Special Committee on Anti-Dumping in November, 1967.

There are, however, certain points which we wish to express at this time now that our member companies have had an opportunity to review the Draft Anti-Dumping Act:

## (a) Regulations

There are several places in the Act where reference is made to regulations. Although we have seen the regulations affecting determination of prices, it is difficult for our Members to fully anticipate the effectiveness of the Act without having seen all the Regulations. It is our hope that all the Regulations will be made available so that we may have an opportunity to study them prior to the Act becoming effective.

## APPENDICE YY

THE RUBBER ASSOCIATION OF  
CANADA

Le 11 novembre 1968.

Monsieur Gaston Clermont  
Président  
Comité permanent des finances,  
du commerce et des questions financières  
Chambre des communes  
Ottawa (Ontario)

Monsieur,

La *Rubber Association of Canada* (Association canadienne du caoutchouc), l'association nationale de commerce rattachée à l'industrie manufacturière du caoutchouc, est heureuse de l'occasion qui lui est offerte de présenter ses vues au Comité permanent des finances, du commerce et des questions financières relativement au projet de loi canadienne antidumping.

L'industrie du caoutchouc au Canada a été et est encore très sensible au dumping et à la menace de dumping, en ce sens que plusieurs produits fabriqués au Canada ont été affectés malencontreusement par les importations à très bas prix venant du Japon, de Formose, de Hong Kong, de la Chine communiste, de la Tchécoslovaquie et de la Pologne, et dont il est pratiquement impossible de déterminer la valeur normale.

Notre association veut proclamer son accord avec les principes généraux qui ont présidé à la rédaction du projet de loi antidumping. Cette rédaction a beaucoup fait pour atténuer certaines des craintes et inquiétudes qui ont été exprimées dans notre lettre à M. G. H. Glass, président du Comité spécial d'enquête sur l'antidumping en novembre 1967.

Il existe cependant certains points de vue que nous désirons exprimer à présent que nos sociétés membres ont eu l'occasion d'examiner le projet de loi antidumping:

## (a) Règlement

On parle de règlement à plusieurs endroits dans la Loi. Bien que nous ayons vu les règles qui affectent la détermination des prix, il est difficile à nos membres de prévoir toute l'efficacité de la Loi sans avoir vu tout le Règlement. Nous espérons que le règlement tout entier sera disponible afin qu'il nous soit donné de l'étudier avant que la Loi entre en vigueur.

(b) *Definitions*

The definition of "like goods" continues to be a matter of concern. In our submission of November 24th, 1967, we recommended that the characteristic of being competitive in a particular kind of end-use should be the decisive characteristic by which a non-identical but similar product is deemed to be a "like product". To illustrate, we believe that regardless of design, construction or size, all tires made primarily for use on passenger cars should be deemed to constitute a group of "like goods"; all tires designed primarily for use on trucks and buses, a second group, etc. We believe that the definition used in the Draft Act could be unnecessarily restrictive and could result in tying the hands of the Tribunal. We appreciate that the definition which you have used is in accordance with the International Anti-Dumping Code. We trust, however, that by regulation it will be possible to bring in an end-use definition which, in our opinion, is extremely important.

(c) *Retroactive Application of Dumping Duty*

We note that Section 5 provides that an anti-dumping duty shall be paid where material injury has been established on goods that were entered into Canada during the period commencing 90 days before the Deputy Minister made a preliminary determination of dumping. We are concerned that this is a shorter period than that which applies in the United States. We understand that under Section 53.56 of the U.S. Anti-Dumping Regulations, the Secretary of the Treasury may assess a special dumping duty on all dumped goods which were entered or withdrawn from warehouse for consumption not more than 120 days before the question of dumping was raised by or presented to the Secretary. We recommend that the anti-dumping act make a similar provision by amending Section 5.

(d) *Time Limits*

In our earlier submission, we noted that it was important that some provision should be made for setting time limits for the authorities in (a) initiating an investigation and (b) completing such investiga-

b) *Définitions*

La définition de «marchandises semblables» continue d'inquiéter. Dans notre mémoire du 24 novembre 1967, nous recommandions que le caractère concurrentiel d'un genre particulier d'usage final devrait être la caractéristique décisive qui fait en sorte qu'un produit non identique mais semblable est censé être un «produit semblable». A titre d'exemple, nous croyons qu'indépendamment du modèle, de la construction ou de la grandeur, tous les pneus fabriqués surtout pour usage sur les voitures familiales devraient être considérés comme constituant un groupe de «marchandises semblables»; tous les pneus conçus principalement pour usage sur les camions et les autobus, un deuxième groupe, et ainsi de suite. Nous croyons que la définition utilisée dans le projet de loi pourrait être inutilement restrictive et pourrait finir par lier les mains des autorités judiciaires. Nous comprenons que la définition que vous avez utilisée est conforme au Code international antidumping. Nous espérons cependant qu'il sera possible par le truchement du Règlement d'introduire une définition de l'usage final qui, à notre avis, est d'importance capitale.

c) *Application rétroactive du droit antidumping*

Nous avons noté que l'article 5 prévoit qu'un droit antidumping doit être payé là où un préjudice important a été établi à propos de marchandises qui sont entrées au Canada durant la période commençant 90 jours avant que le sous-ministre ait pris une décision préliminaire qu'il y a eu dumping. Nous craignons qu'il s'agisse là d'une période plus courte que celle qui s'applique aux États-Unis. Nous croyons comprendre qu'en vertu de l'article 53.56 du Règlement antidumping des États-Unis, le secrétaire au Trésor peut imposer un droit spécial de dumping sur toutes les marchandises déversées au pays, qui ont été enregistrées à l'entrepôt ou retirées de là pour la consommation au plus 120 jours avant que la question de dumping ait été soulevée par le secrétaire ou à lui soumise. Nous recommandons l'inclusion dans la Loi antidumping d'une disposition semblable; cela se ferait par une modification de l'article 5.

d) *Délais*

Dans notre mémoire précédent, nous avons fait remarquer combien il était important que soit apportée quelque disposition fixant aux autorités des délais a) pour commencer une enquête et b) pour



tion. We note that the Draft Anti-Dumping Act still does not cover these points. Because there is a limited period for the retroactive application of anti-dumping duties, we urge that a preliminary determination of dumping should be made by the Deputy Minister within 90 days after receipt of the complaint. Only by setting this type of time limit does the retroactive provision have any real significance. By setting a 90 day limit, we are assuming that Section 5 will be amended in accordance with our recommendation under "Retroactive Application of Dumping Duty". If the 90 day period as specified in the Draft Act remains, then we believe it to be important for the Deputy Minister to make a preliminary determination of dumping 60 days after the receipt of the complaint.

*(e) Duration of Duties*

Section 18 appears to indicate that there is no expiry date on a determination of dumping. However, while provision is made for re-appraisal by a Dominion Customs Appraiser, there does not appear to be provision for determination of injury by the industry involved. This then indicates that an industry should be notified when a re-appraisal has been made so that such industry would be in a position to initiate an inquiry should the facts justify it.

We would again like to repeat our support for the Draft Anti-Dumping Act. While this Association is only making comment on certain limited aspects of the Act in accordance with our submission of November, 1967, our member companies, as members of the Canadian Manufacturers Association, are expressing their views on the whole of the Draft Act through the C.M.A. submission.

Yours truly,

William V. Turner  
General Manager

terminer ladite enquête. Nous avons noté que le projet de loi antidumping ne touche pas à ces points. Parce qu'il existe une période restreinte pour l'application rétroactive de droits antidumping, nous recommandons instamment qu'une première détermination de dumping soit faite par le sous-ministre dans les 90 jours qui suivent la réception de la plainte. La disposition de rétroactivité ne peut avoir d'effet réel qu'à condition d'établir ce genre de délai. En imposant une limite de 90 jours, nous supposons que l'article 5 sera modifié dans le sens de notre recommandation sous «Application rétroactive du droit de dumping». Si la période de 90 jours telle que spécifiée dans le projet de loi demeure, alors nous croyons qu'il importe au sous-ministre de faire une détermination préliminaire de dumping 60 jours après réception de la plainte.

*e) Durée des droits*

L'article 18 semble indiquer qu'il n'y a pas de date d'expiration à une détermination de dumping. Cependant, bien qu'une nouvelle appréciation par l'appréciateur fédéral des douanes soit prévue, il ne semble pas y avoir de disposition en faveur d'une détermination du tort subi par l'industrie. Cela signifie donc qu'une industrie doit être notifiée lorsqu'une nouvelle appréciation a été faite, afin que ladite industrie soit en mesure d'instituer une enquête si les faits le justifient.

Encore une fois, nous exprimons notre appui à ce projet de loi antidumping. Alors que notre Association ne fait d'observations que sur certains aspects restreints de la Loi, à la lumière de notre mémoire de novembre 1967, nos sociétés membres, en tant que membres de l'Association canadienne des manufacturiers, expriment leurs vues sur l'ensemble de la Loi antidumping par l'intermédiaire du mémoire de l'A.C.M.

Veuillez croire, Messieurs, en nos meilleurs sentiments.

Le directeur général,  
William V. Turner.

## APPENDIX ZZ

VANCOUVER BOARD OF TRADE  
1164 Melville St., Vancouver 5, B.C.

November 8, 1968

Chairman and Members,  
House of Commons Committee  
on Finance, Trade and  
Economic Affairs,  
Parliament Buildings,  
Ottawa, Ontario.

Gentlemen;

*Re: Proposed Anti-dumping Legislation*

We have examined closely the "White Paper on Anti-dumping" and the "Proposed Regulations Relating to Section 9 and 10 of the Draft Anti-dumping Bill", both of which were recently tabled in the House of Commons.

In our opinion, the proposed legislation is in general agreement with the recommendations of the Vancouver Board of Trade, dated November 15, 1967 and presented at that time to the Special Committee of the Department of Finance (See copy attached). However, the details of many sections of the proposed Act are left to regulation or ministerial discretion. It is our recommendation that these should be incorporated into the Act, where possible.

The "Proposed Regulations" deal with rules for determining the "normal value" in the country of export. Such similar rules pertaining to the determination of home market value for Customs purposes are contained in the Customs Act in sections 35 to 38, inclusive. We strongly recommend that all of the "Proposed Regulations Relating to Sections 9 and 10 of the Draft Anti-dumping Bill" be incorporated into the Act. The following are specific points we feel require amendment:

Section 9(1)(c)—The specific period relating to date of previous comparable sale should be stated in the Act in substantially the same form as proposed Regulation No. 1. This period should be a minimum of 90 days.

Section 9(4)—The meaning of "sufficient number of sales" should be defined in the Act. We suggest that the wording of Proposed Regulation No. 11 be used for this purpose.

The following are our recommendations for amendment of other sections of the proposed Act:

## APPENDICE ZZ

Le 8 novembre 1968.

Monsieur le président,  
Messieurs les membres  
Comité des finances, du commerce et des  
questions économiques  
Chambre des communes  
Ottawa (Ontario)

Messieurs,

*Objet: Projet de loi antidumping*

Nous avons étudié avec soin le «Livre blanc sur l'antidumping» et le projet de règlement relatif aux articles 9 et 10 du projet de loi antidumping, qui ont tous deux été déposés à la Chambre des communes récemment.

Nous sommes d'avis que le projet de loi concorde généralement avec les recommandations du *Vancouver Board of Trade*, présentées le 15 novembre 1967 au Comité spécial du ministère des Finances (voir copie ci-jointe). Toutefois, les dispositions d'application de plusieurs articles du projet de loi doivent faire l'objet de règlements ou sont laissées à la discrétion du ministre. Nous recommandons que, dans la mesure du possible, ces dispositions soient inscrites dans la loi.

Le projet de règlement traite des règles à appliquer pour déterminer la «valeur normale» dans le pays d'exportation. Les articles 35 à 38 inclusivement de la Loi sur les douanes contiennent de telles règles relatives à la détermination aux fins de la douane de la valeur marchande sur le marché intérieur. Nous recommandons fortement que tout le projet de règlement relatif aux articles 9 et 10 du projet de loi antidumping soit incorporé à la loi. Suivent des points particuliers qui, à notre avis, demandent à être modifiés:

L'article 9(1)(c)—Le délai précis visant la date de la dernière vente comparable devrait être fixé par la loi, sensiblement sous la même forme que dans le règlement n° 1 du projet de règlement. Ce délai devrait être un minimum de 90 jours.

L'article 9(4)—L'expression «nombre suffisant de ventes» devrait être définie dans la loi. Nous suggérons que le texte du règlement n° 11 du projet de règlement soit utilisé à cette fin.

Nous proposons les modifications suivantes à d'autres articles du projet de loi:



Section 9 (1) and 9 (3) (a)—The act should specify, in more detail, the factors which may be taken into consideration in determining “differences relating to price comparability”. They should include at least: quantities, terms of purchase, taxation and duties in the country of export, in order to reflect the principles outlined in Sections 1 and 4 of Article VI of the General Agreement on Tariffs and Trade.

Section 13 (3) (b) and 13 (7) (b)—The period of time within which further action may be initiated should not be left to regulation but should be specifically stated in the Act. We recommend a period of 60 days in each instance.

The proposed Anti-dumping Act does not appear to make any provision for complying with certain requirements of the “Anti-dumping Code” and certain limitations contained in present Canadian anti-dumping legislation. We refer to the following items:

Article 8 (c) of the “Anti-dumping Code”—We recommend that the amount of anti-dumping duty imposed by the lesser of (a) the margin of dumping or (b) 50% of the value for duty as determined under the relevant provisions of the Customs Act, as is presently provided for in Section 6 (2) of the Customs Tariff.

Article 9 of the “Anti-dumping Code”—should be implemented by inclusion in the Anti-dumping Act, so that procedures would be set-up for reviewing the need for continued application of anti-dumping duty.

Section 6 (9) of the present Customs Tariff—We recommend that the intent of this section, i.e., to exempt from Anti-dumping duties any goods where similar goods of Canadian manufacture are not freely offered for sale in Canada, be included in the proposed Anti-dumping Act.

We further recommend that, for the purposes of the proposed Anti-dumping Act only, goods which are trans-shipped to Canada from a duty-free zone in any country other than Canada shall be treated as though the goods had been shipped direct from the country of export.

In order to ensure that Canada's commitments to her trading partners are met and her obligations to the International Agreement are complied with, we recommend the inclusion of an interpretive paragraph in the proposed Act under Section 2, to the effect that, “This Act shall be so construed that any

L'article 9(1) et 9(3)a)—La loi devrait préciser de façon plus détaillée les facteurs qui peuvent être pris en considération lorsqu'il s'agit de déterminer les «différences relatives à la comparabilité des prix». Il faudrait mentionner au moins les quantités, les conditions d'achat, la fiscalité et les droits dans le pays d'exportation afin de refléter les principes exposés dans les alinéas 1 et 4 de l'article VI de l'Accord général sur les tarifs douaniers et le commerce.

L'article 13(3)b) et 13(7)b)—Le délai durant lequel d'autres démarches peuvent être entreprises ne devrait pas être fixé par règlement, mais par la loi. Nous recommandons un délai de 60 jours dans chaque cas.

Le projet de loi antidumping ne semble contenir aucune disposition prévoyant la conformité à certaines exigences du Code antidumping et à certaines limitations contenues dans la législation canadienne actuelle antidumping. Nous nous reportons aux questions suivantes:

L'article 8c) du Code antidumping—Nous recommandons que le montant du droit antidumping soit le moindre de a) la marge de dumping ou b) 50 p. 100 de la valeur imposable déterminée en vertu des dispositions pertinentes de la Loi sur les douanes, comme le prévoit actuellement l'article 6(2) du Tarif des douanes.

L'article 9 du Code antidumping—Cet article devrait être inclus dans la loi antidumping afin de prévoir l'étude de la nécessité de continuer l'imposition du droit antidumping.

L'article 6(9) du Tarif des douanes actuel—Nous recommandons que l'objet de cet article, c-à-d., exempter des droits antidumping toutes marchandises lorsque des marchandises semblables de fabrication canadienne ne sont pas librement offertes en vente au Canada, soit inscrit dans le projet de loi antidumping.

Nous recommandons de plus qu'aux fins du seul projet de loi antidumping, les marchandises expédiées au Canada en passant par une zone libre de droits dans tout pays autre que le Canada soient considérées comme si elles avaient été expédiées directement du pays d'exportation.

Afin d'assurer que le Canada satisfait aux engagements qu'il a contractés envers les autres nations avec lesquelles il fait des échanges commerciaux et à ses obligations en vertu de l'Accord international, nous recommandons que soit inclus dans l'article 2 du projet de loi un alinéa interprétatif portant

action or regulation made under it shall be made in accordance with the principles and spirit of Article VI of the General Agreement on Tariffs and Trade and the International Agreement on the implementation thereof."

These recommendations are respectfully submitted for your favourable consideration.

Yours sincerely,

G. M. Morris,  
General Manager.

#### VANCOUVER BOARD OF TRADE

November 15, 1967.

Mr. G. H. Glass, Chairman  
and Members of the Special Committee  
Department of Finance  
Ottawa

Gentlemen,

#### THE INTERNATIONAL CONVENTION ON THE APPLICATION OF ANTI-DUMPING DUTIES

As requested by the Minister of Finance, we present herewith the views of the Vancouver Board of Trade concerning Canada's implementation of the International Convention on the Application of Anti-Dumping Policies. After consultation with the groups involved, we feel assured that the opinions expressed adequately represent those of our members who are manufacturers, importers and exporters in this part of Canada.

#### RECOMMENDATIONS

We call attention to the preamble to the Agreement, particularly paragraph 2, which will change Canada's present so-called "automatic" anti-dumping laws by requiring proof of material injury or threat of material injury, in addition to the fact of dumping as a prerequisite for the application of anti-dumping procedures.

We recommend that, in making any revisions to Canadian laws pertaining to anti-dumping duties, the principles and objectives enunciated in the preamble be borne in mind at all times so that not only will the legalities of the Agreement be implemented but also the spirit be reflected.

In making recommendations and observations on the balance of the Agreement, we will comment only on those portions which we feel might be open to conflicting interpretations.

que la présente loi soit interprétée de façon que toute mesure prise en vertu de cette loi ou de tout règlement établi sous son empire soit conforme aux principes et à l'esprit de l'article VI de l'Accord général sur les tarifs douaniers et le commerce et de l'Accord international relatif à l'application de celui-ci.

Nous soumettons respectueusement ces recommandations à votre considération et nous vous prions d'agréer, Messieurs, nos sentiments les meilleurs.

Le directeur général,  
G.M. Morris

#### VANCOUVER BOARD OF TRADE

Le 15 novembre 1967.

Monsieur G. H. Glass, président,  
Messieurs les membres  
Comité spécial du ministère des Finances  
Ottawa

Messieurs,

#### L'ACCORD INTERNATIONAL RELATIF L'IMPOSITION DES DROITS ANTIDUMPING

Comme l'a demandé le ministre des Finances, nous présentons ici les vues du *Vancouver Board of Trade* sur la mise en vigueur par le Canada de l'Accord international relatif à la mise en œuvre de politiques antidumping. Après avoir consulté les groupes intéressés, nous avons le sentiment que les opinions que nous exprimons sont un reflet fidèle des vues de ceux de nos membres qui sont fabricants, importateurs et exportateurs dans cette partie du Canada.

#### RECOMMENDATIONS

Nous attirons votre attention, messieurs, sur le préambule de l'Accord, particulièrement sur l'alinéa 2, qui modifiera la législation antidumping dite «automatique» du Canada, en y ajoutant l'exigence de la preuve d'un préjudice important ou d'un danger de préjudice important, en plus du dumping même, comme condition préalable à la prise de mesures antidumping.

Nous recommandons qu'il soit constamment tenu compte des principes et des objectifs du préambule lors de toute révision de la législation canadienne relative aux droits antidumping afin que non seulement on y inscrive les mesures, mais aussi que cette révision en reflète l'esprit.

Nos recommandations et nos observations sur le reste de l'Accord porteront seulement sur les parties qui, selon nous, pourraient donner lieu à des interprétations contradictoires.



Article 2—*Determination of Dumping.*

We recommend that the following goods be exempt from the application of anti-dumping duties on importation into Canada:

1. Goods of a class or kind *not* made or produced in Canada.

2. Machinery dutiable under the new tariff item 42700-1 that is deemed to be *not available* from Canadian manufacturers.

3. Goods *not sold* to Canadian importers.

4. Goods which are presently exempt under Section 6(2) of the Customs Tariff, i.e.

(a) goods of a class subject to duty under the Excise Act, and

(b) goods or classes of goods declared exempt by any order or regulation made by the Governor in Council.

5. Goods which are presently exempt under the "General Regulations under Section 6 of the Customs Tariff", i.e.

(a) Bona Fide trade samples.

(b) The amount of an advance in value of goods after purchase by the Canadian importer.

Article 2(f)—*Fair Comparison.*

In dealing with products which could be subject to Anti-dumping procedures, we recommend:

(i) That new legislation should also specify the rules to be applied to referring to a fair comparison between the export price and the domestic price in the exporting country.

(ii) That allowances include those rules contained in the present general regulations of Section 6 of the Customs Tariff pertaining to cash discounts, freight allowances and deferred allowances.

(iii) That extended terms of sale also be included so that due allowance may be made for the effect of such credit terms on sale price.

(iv) That Section 6, Paragraph 3 of the present Customs Tariff pertaining to duty and taxes in the Country of export be included in the legislation.

L'article 2—*Détermination du dumping*

Nous recommandons que les marchandises suivantes soient exemptées de l'application des droits antidumping lors de leur importation au Canada:

1. Les marchandises d'une classe ou d'une espèce *non* fabriquée ou produite au Canada.

2. Les machines imposables selon le nouveau numéro tarifaire 42700-1 lorsqu'il est jugé qu'on *ne peut les obtenir* de fabricants canadiens.

3. Les marchandises qui *ne sont pas vendues* aux importateurs canadiens.

4. Les marchandises qui sont présentement exemptées en vertu de l'article 6 (2) du Tarif des douanes, c.-à-d.,

a) les marchandises d'une catégorie assujétie à un droit prévu par la Loi sur l'accise, et

b) les marchandises ou catégories de marchandises déclarées exemptes en vertu d'un arrêté ou d'un règlement édicté par le gouverneur en conseil.

5. Les marchandises qui sont présentement exemptées en vertu des "Règlements généraux d'après l'article 6 du Tarif des douanes", c.-à-d.,

a) les échantillons commerciaux authentiques,

b) le montant d'une majoration de la valeur de marchandises après leur achat par l'importateur canadien.

L'article 2 f)—*Comparaison équitable*

Lorsqu'il s'agit de produits qui pourraient être sujets à des mesures antidumping, nous recommandons:

(i) Que la nouvelle loi précise aussi les règles à appliquer en ce qui a trait à une comparaison équitable entre le prix d'exportation et le prix intérieur dans le pays d'exportation.

(ii) Que les rabais continuent d'être visés par ces règles comprises dans les Règlements généraux actuels de l'article 6 du Tarif des douanes au sujet des escomptes au comptant, des rabais pour frais de transport et des rabais de quantité différés.

(iii) Qu'on inclue aussi les modalités de vente à plus long terme afin de tenir compte de l'effet de telles facilités de paiement sur le prix de vente.

(iv) Que l'alinéa 3 de l'article 6 du Tarif des douanes actuel, relatif aux droits et aux taxes dans le pays d'exportation, soit inscrit dans la loi.

(v) That all other provisions of Article 2 of the Agreement be scrupulously observed in the preparation of legislation.

(v) Que toutes les autres dispositions de l'article 2 de l'Accord soient scrupuleusement observées lors de la rédaction de la loi.

#### Article 2(g)—*State Controlled Economies.*

In cases where it is impractical, owing to the nature of the economy of the exporting country, to establish value for anti-dumping by measures outlined in Article 2 of the Agreement, we recommend the application of the concept of calculating the domestic price by comparison to third country. We believe it is essential in such cases that the following criteria be applied and publicized:

(i) the free economy third country must be located in the same general geographic area of the world as the exporting country.

(ii) standards in real terms of living and wages in the two countries must be as near as possible and due allowances must be made for any difference in the standards.

(iii) the cost and source of raw materials for the product in question must be taken into consideration.

(iv) due allowance must be made in each case for difference in terms of sale for the quantities involved, for differences in taxation and other differences which affect price comparability.

#### L'article 2g)—*Économies dirigées*

Dans les cas où il n'est pas pratique, par suite de la nature de l'économie du pays exportateur, d'établir la valeur aux fins de l'antidumping au moyen des mesures prévues à l'article 2 de l'Accord, nous recommandons qu'on ait recours à la méthode de calcul du prix intérieur par comparaison avec un troisième pays. Nous croyons qu'il est essentiel dans de tels cas que les critères suivants soient appliqués et qu'on les fasse connaître aux intéressés:

(i) Le troisième pays à économie libre doit être situé dans la même partie du monde que le pays exportateur.

(ii) Les standards déterminés selon les véritables conditions de vie et niveaux des salaires doivent présenter le moins d'écart possible et on doit tenir compte de ces écarts.

(iii) Le coût et la source des matières premières entrant dans la fabrication du produit en cause doivent être pris en considération.

(iv) On doit tenir compte dans chaque cas de la différence dans les conditions de vente par suite des quantités en cause, des différences fiscales et d'autres différences affectant la comparabilité des prix.

#### Article 3—*Determination of Injury.*

We recommend that all of the principles enunciated in subparagraphs (a) to (f) inclusive be embodied in the new Canadian legislation.

The "Determination of Injury" is a complexity with which Canada has not had to contend under our existing anti-dumping legislation. The multitude of details which must be taken into consideration in the determination of injury and the evaluation of injury are such that a special Board will be required, constituted for the specific purpose of receiving, investigating and ruling upon complaints of foreign dumping in Canadian Market.

Such a Board, in order to be effective, must be composed of men of independent thought, and in no way connected with any departments of government or have business affiliations. It must have independent sources of information, and be supplied with a staff of investigators, economists and other experts necessary for the intelligent and expeditious treatment of the cases brought before it. We

#### L'article 3—*Détermination du préjudice*

Nous recommandons que tous les principes énoncés dans les alinéa a) à f) inclusivement soient inscrits dans la nouvelle loi canadienne.

La «détermination du préjudice» constitue un problème complexe auquel le Canada n'a pas eu à faire face en vertu de sa législation antidumping actuelle. La multitude de détails dont il faut tenir compte pour déterminer et évaluer le préjudice est telle qu'une commission spéciale sera nécessaire, établie uniquement pour recevoir les plaintes de dumping étranger sur le marché canadien, enquêter sur ces cas et rendre des décisions à leur égard.

Une telle commission, si elle se veut efficace, devra réunir des hommes indépendants, qui ne sont attachés d'aucune façon aux ministères de l'État ou affiliés au monde des affaires. Elle doit posséder des sources d'information indépendantes et un personnel d'enquêteurs, d'économistes et d'autres experts nécessaires pour étudier soigneusement et rapidement les cas qui lui sont présentés.



believe that the Tariff Board could fulfil this function adequately by expanding its present facilities to carry out the additional duties of adjudicating anti-dumping cases.

In order that the Tariff Board shall not be both "Judge and Advocate", we have recommended, in referring to Article 5(b), that a special inter-departmental committee on anti-dumping be established to process preliminary investigations.

#### Article 4—*Definition of Industry.*

We recommend that this definition be included in the new Canadian legislation.

#### Article 5—*Initiation and Subsequent Investigation.*

(a) *Initiation*—Anti-dumping is basically a method of protecting domestic industry from unfair practice. We are of the opinion that Canadian industry is sufficiently aware of its market to know when foreign suppliers are dumping in Canada and whether or not such dumping causes or threatens material injury. We therefore recommend that an anti-dumping investigation may be initiated upon request of a representative of the domestic industry affected supported by both evidence of dumping and injury resulting therefrom.

(b) *Simultaneous Consideration of both Dumping and Injury*—We believe that the Department of National Revenue should investigate the preliminary case for the fact of dumping and that the Department of Finance be charged with the preliminary establishment of injury. We therefore recommend that a special inter-departmental committee on anti-dumping be established with representatives of the Department of National Revenue and the Department of Finance as members, the reference of the inter-departmental committee being to the Minister of Finance, who shall make the decision to refer to the Tariff Board and who shall apply provisional measures if necessary.

We believe that such a preliminary investigation to establish a *prima facie* case should be prepared within 90 days of the complaint being registered by industry.

The *prima facie* case would then be presented to the presently constituted Tariff Board who should decide on the

Nous croyons que la Commission du tarif pourrait accomplir ce travail si on élargissait ses cadres afin d'ajouter à sa compétence le jugement des cas de dumping.

Afin que la Commission du tarif ne soit pas juge et procureur à la fois, nous avons recommandé en ce qui a trait à l'article 5b) que soit mis sur pied un comité interministériel spécial antidumping qui ferait les enquêtes préliminaires.

#### L'article 4—*Définition du terme «production»*

Nous recommandons que cette définition soit incorporée dans la nouvelle loi canadienne.

#### L'article 5—*Engagement de la procédure et enquête subséquente*

(a) *Engagement de la procédure*—Les mesures antidumping sont fondamentalement un moyen de protéger la production nationale contre des pratiques inéquitables. Nous sommes d'avis que l'industrie canadienne connaît suffisamment son marché pour savoir quand les fournisseurs étrangers pratiquent le dumping au Canada et si ce dumping cause ou risque de causer un préjudice important. Nous recommandons donc qu'une enquête anti-dumping puisse être ouverte à la demande d'un représentant de la production nationale touchée, appuyée d'éléments de preuve relatifs à la fois au dumping et au préjudice en résulte pour cette production.

(b) *Étude simultanée du dumping et du préjudice*—Nous croyons que le ministère du Revenu national devrait enquêter sur le bien-fondé de l'accusation de dumping et le ministère de la Justice être chargé d'établir qu'il y a eu préjudice. Par conséquent, nous recommandons qu'un comité interministériel spécial antidumping soit constitué, composé des représentants des ministères du Revenu national et de la Justice et responsable devant le ministre des Finances à qui il incomberait de déférer à la Commission du tarif et qui, au besoin, appliquerait les mesures provisoires.

Nous croyons qu'une telle enquête préliminaire, en vue d'établir le bien-fondé du cas, devrait se faire dans les 90 jours de la présentation de la plainte par la production.

Le cas serait alors déféré à la Commission du tarif, qui est déjà sur pied et qui déciderait de la détermination du préju-

determination of material injury and dumping within the framework of Article 8 of the Agreement.

In the event it has been determined by the interdepartmental anti-dumping committee that no dumping has taken place or the goods are of a class or type not subject to anti-dumping duties or that the margin of dumping or injury, actual or potential, is negligible, the application be rejected immediately.

All interested parties including the representatives of the Government concerned and known importers and exporters should be notified immediately that a preliminary determination of dumping and injury has been made.

#### Article 7—*Price Undertaking.*

We believe that the full intent of paragraphs (a) and (b) of this Article be included in the Canadian legislation.

#### Article 8—*Imposition and Collection of Anti-Dumping Duties.*

We recommend that the Inter-departmental Anti-Dumping Committee be empowered to recommend provisional anti-dumping measures after preliminary determination of injury and dumping. However, no anti-dumping measures should be imposed when investigation is terminated as the result of the receipt of a voluntary undertaking by the exporters to revise the prices so that the margin of dumping is eliminated or to cease their exporting to Canada at the dumped prices, except as provided for in Article II.

#### Article 8(c)—*Amount of Anti-Dumping Duty.*

We recommend that:

1. any anti-dumping duties imposed, subsequent to a determination of dumping and injury, be assessed only to the extent necessary to remove the injury from Canadian domestic industry.
2. the maximum amount of anti-dumping duty imposed be the lesser of
  - (i) the actual margin of dumping.
  - (ii) 50% of the value for duty as determined under the relevant provisions of the Customs Act.
3. the imposition of any anti-dumping duty be on a non-discriminatory basis.
4. anti-dumping duties imposed should be periodically reviewed by the Tariff

dice important et du dumping dans le cadre de l'article 8 de l'Accord.

S'il est déterminé par le comité interministériel spécial antidumping qu'aucun dumping n'a eu lieu ou que les marchandises sont d'une classe ou d'un genre exempt des droits antidumping, ou que la marge de dumping ou le préjudice, réels ou potentiels, sont négligeables, la requête peut être rejetée immédiatement.

Tous les intéressés, y compris les représentants de l'Etat intéressé ainsi que les importateurs et les exportateurs connus devraient être informés immédiatement qu'une détermination préliminaire du dumping et du préjudice a été effectuée.

#### L'article 7—*Engagements relatifs aux prix*

Nous croyons que l'esprit des alinéas a) et b) de cet article devrait être reflété dans la loi canadienne.

#### L'article 8—*Imposition et perception de droits antidumping*

Nous recommandons que le comité interministériel antidumping soit habilité à recommander des mesures antidumping provisoires après détermination provisoire du préjudice et du dumping. Toutefois, aucune mesure antidumping ne devrait être imposée à la clôture de l'enquête si les exportateurs se sont engagés volontairement à reviser les prix afin d'éliminer la marge de dumping ou à mettre fin à leurs exportations au Canada aux prix de dumping, sauf selon les dispositions de l'article 11.

#### L'article 8 c)—*Le montant du droit anti-dumping*

Nous recommandons:

1. Que tous droits antidumping imposés par suite de la détermination du dumping et du préjudice se limitent au montant nécessaire pour éliminer le préjudice causé à la production nationale du Canada.
2. Que le montant maximal du droit antidumping soit le moindre de deux montants: (i) la marge réelle de dumping, (ii) 50 p. 100 de la valeur imposable déterminée selon les dispositions pertinentes de la Loi sur les douanes, de fournisseurs intéressés.
3. Que l'imposition de tout droit antidumping ne se fasse pas sur une base discriminatoire.
4. Que les droits antidumping fassent l'objet d'une étude périodique par la



Board on its own initiative or upon request of interested importers or suppliers.

5. in cases where provisional anti-dumping duties have been assessed:

(a) and it has been found that in fact no injury or no dumping occurred, refund of such duties collected shall be made immediately.

(b) and a determination of injury is made and the provisional anti-dumping duties assessed are in excess of the penalty required, refund of such excess duties collected shall be made immediately.

(c) but the provisional anti-dumping duties are less than the penalty required, no additional anti-dumping duties shall be collected in respect of those importations on which provisional duties have been imposed.

#### Article 9—*Duration of Anti-Dumping Duties.*

We believe that the full intent of paragraphs (a) and (b) of this Article should be included in the Canadian legislation. We recommend that the procedure for applying for a review should follow the same channels as would be applicable in the original application for imposition of anti-dumping duties.

#### Article 10 (d)—*Provisional Measures—limitation.*

Under normal conditions the imposition of provisional measures should not be imposed for a period exceeding three months and in no event should it exceed six months.

#### Article 11—*Retroactivity.*

We recommend that the provisions of this Article be incorporated in full in new Canadian legislation.

#### Article 12—*Anti-Dumping Action on behalf of a Third Country.*

We recommend that the provisions outlined in Article 12 be included in Canadian legislation in a similar form to that outlined in the Article.

#### END OF SEASON SALES.

We are concerned that, in the determination of dumping, due regard be given to the adverse effect on the Canadian economy occasioned by the importation of "seconds", "close-outs" and "end runs of production" which may be also freely offered at reduced prices in the domestic market of the exporting country. We would hope that the new Canadian legislation will provide adequate protection to Canadian producers in such cases.

Commission du tarif de sa propre initiative ou à la demande d'importateurs ou de fournisseurs intéressés.

5. Que dans les cas où des droits anti-dumping provisoires ont été imposés

a) et où il a été découvert qu'il n'y a eu effectivement aucun préjudice ou dumping, les droits perçus soient remboursés immédiatement;

b) et où il y a détermination du préjudice, mais où les droits antidumping provisoires dépassent l'amende requise, la partie excédentaire des droits soit remboursée immédiatement;

c) mais où les droits antidumping provisoires sont inférieurs à l'amende requise, qu'aucun autre droit antidumping ne soit perçu à l'égard de ces importations sur lesquelles des droits provisoires ont été imposés.

#### L'article 9—*Durée des droits antidumping*

Nous croyons que l'esprit des alinéas a) et b) de cet article devrait être reflété dans la loi canadienne. Nous recommandons que la procédure pour demander une nouvelle étude soit la même que pour la demande originale d'imposition de droits antidumping.

#### L'article 10d)—*Mesures provisoires—Limitation*

Dans des conditions normales, l'imposition de mesures provisoires ne devrait pas dépasser trois mois et elle ne devrait jamais dépasser six mois.

#### L'article 11—*Rétroactivité*

Nous recommandons que les dispositions de cet article soient inscrites intégralement dans la nouvelle loi canadienne.

#### L'article 12—*Mesures antidumping pour le compte d'un pays tiers*

Nous recommandons que les dispositions exposées dans l'article 12 soient inscrites dans la loi canadienne sous une forme semblable à celle dudit article.

#### VENTES DE FIN DE SAISON

Nous sommes vivement intéressés à ce qu'on donne l'importance voulue, lors de la détermination du dumping, à l'effet nocif sur l'économie canadienne des importations de marchandises de «seconde qualité», «désuètes» et des «fins de séries», qui peuvent aussi être offertes à des prix réduits sur le marché national du pays exportateur. Nous espérons que la nouvelle loi canadienne accordera une protection suffisante aux producteurs canadiens dans de tels cas.

## RATIONALISATION OF THE CUSTOMS ACT AND CUSTOMS TARIFF

At the present time, in order to examine Canada's anti-dumping laws, it is necessary to consider both the Customs Act and the Customs Tariff. The Customs Act lays down the general policy and prescribes procedure. The Customs Tariff spells out the rates of duty applicable to various goods upon their importation into Canada. However, the division of subject matter between the two is not always logical. The Customs Tariff contains the present anti-dumping legislation and also states general customs policy and prescribes procedures in this regard. As the whole concept of Canadian anti-dumping laws and procedures must be reviewed as a result of the Agreement on Implementation of Article VI of the GATT, it is our opinion that now is the opportune time to rationalize the subject matter of the two acts.

We recommend that the general policy and procedures for the Implementation of Anti-dumping duties should be incorporated into the Customs Act. The rate of anti-dumping duty and the goods which are exempt, should be specified in the Customs Tariff.

The present provisions contained in Section 6 and 6A of the Customs Tariff relating to goods on consignment, less than "arms-length" transactions payment of anti-dumping duties, class or kind made in Canada, and length" transactions payment of anti-dumping duties, class or kind made in Canada, and subsidized goods, should be transferred to the Customs Act.

Respectfully submitted,

W. G. Leithead, President,  
VANCOUVER BOARD OF TRADE

## RATIONALISATION DE LA LOI SUR LES DOUANES ET DU TARIF DES DOUANES

Présentement, si l'on veut étudier les lois antidumping du Canada, il faut étudier la Loi sur les douanes et le Tarif des douanes. Dans la Loi sur les douanes est énoncée la politique générale et prévue la procédure. Le Tarif des douanes formule les taux de droits applicables à diverses marchandises lors de leur importation au Canada. Toutefois, la division de la matière entre les deux n'est pas toujours conforme à la logique. Le Tarif des douanes contient les mesures antidumping actuellement en vigueur et y est aussi énoncée la politique douanière générale et y sont prévues des procédures à cet égard. Comme l'ensemble des lois et des procédures antidumping du Canada doit être reconsidéré par suite de l'Accord relatif à la mise en œuvre de l'article VI de l'Accord général sur les tarifs douaniers et le commerce, nous sommes d'avis que c'est maintenant le moment de répartir le sujet des deux lois de façon logique.

Nous recommandons que la politique et les procédures générales pour la mise en œuvre des droits antidumping soient incorporées dans la Loi sur les douanes. Il devrait être précisé dans le Tarif des douanes quel est le taux de droit antidumping et quelles sont les marchandises exemptes.

Les dispositions actuelles contenues dans les articles 6 et 6A du Tarif des douanes relatives aux marchandises en consignment, à des transactions qui ne sont pas indépendantes, comportant le paiement de droits antidumping, des marchandises d'une classe ou espèce faite au Canada ou des marchandises subventionnées, devraient se retrouver dans la Loi sur les douanes.

Veuillez agréer, Messieurs, l'expression de nos sentiments les meilleurs.

Le président du  
Vancouver Board of Trade,  
W. G. Leithead.



OFFICIAL BILINGUAL ISSUE  
(see panel on back cover)

FASCICULE BILINGUE OFFICIEL  
(voir au verso du fascicule)

HOUSE OF COMMONS

CHAMBRE DES COMMUNES

First Session

Première session de la

Twenty-eighth Parliament, 1968

vingt-huitième législature, 1968

STANDING COMMITTEE

COMITÉ PERMANENT

ON

DES

FINANCE, TRADE  
AND  
ECONOMIC AFFAIRS

FINANCES, DU COMMERCE  
ET DES  
QUESTIONS ÉCONOMIQUES

Chairman: Mr. Gaston Clermont

Président: M. Gaston Clermont

PROCEEDINGS

No. 17

PROCÈS-VERBAUX

N° 17

THURSDAY, DECEMBER 5, 1968

RÉUNION DU  
JEUDI 5 DÉCEMBRE 1968

Respecting

White Paper on Anti-dumping

Concernant

Le Livre blanc sur l'antidumping

INCLUDING FOURTH REPORT  
TO THE HOUSE

Y INCLUS QUATRIÈME RAPPORT  
À LA CHAMBRE

ROGER DUHAMEL, F.R.S.C.  
Queen's Printer and Controller of Stationery  
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Lambert (*Edmonton  
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COMITÉ PERMANENT DE LA  
FINANCE, DU COMMERCE  
ET DES  
QUESTIONS ÉCONOMIQUES

*Président:* M. Gaston Clermont

*Vice-président:* M. Alastair Gillespie

et MM.

Latulippe,  
Portelance,  
Ritchie,  
Roberts,  
Saltsman,  
Trudel—(20)

*La secrétaire du comité,*

Dorothy F. Ballantine,

*Clerk of the Committee.*



## REPORT TO THE HOUSE

MONDAY, December 9, 1968.

The Standing Committee on Finance, Trade and Economic Affairs has the honour to present its

### FOURTH REPORT

In accordance with its Order of Reference of Thursday, October 10, 1968, your Committee has considered the White Paper on Anti-Dumping tabled on Friday, September 20, 1968.

Your Committee has held 22 meetings and has heard the following witnesses:

*From the Department of Finance:* Mr. R. Y. Grey, Assistant Deputy Minister and Mr. C. D. Arthur, International Economic Relations Division.

*From the Department of National Revenue:* Mr. R. C. Labarge, Deputy Minister, Mr. A. R. Hind, Assistant Deputy Minister, Mr. H. D. MacDermid, Chief, Valuation Section and Mr. M. T. Keam, Director, Customs Appraisal Division.

*From the Canadian Chemical Producers Association:* Messrs. D. D. Stokes, D. D. Hart, K. B. Mathewson and J. Mitchell.

*From the Graphic Arts Industries Association:* Messrs. Gaston Boulanger, W. W. Buchanan, David MacLellan and W. E. Curry.

*From the Canadian Textiles Institute:* Messrs. Eric Hehner, C. S. Malone, E. F. King, G. Payette, and B. Demers.

*From the Canada Japan Trade Council:* Messrs. R. L. Houston and Geoffrey Wasteneys.

*From the Canadian Manufacturers Association:* Messrs. George H. Dobbie, R. Lang, and C. C. Weeks.

## RAPPORT À LA CHAMBRE

LUNDI 9 décembre 1968.

Le Comité permanent des finances, du commerce et des questions économiques a l'honneur de présenter son

### QUATRIÈME RAPPORT

Conformément à l'ordre de renvoi qui lui a été confié le 10 octobre 1968, le Comité a examiné le Livre blanc sur l'antidumping présenté le 20 septembre 1968.

Le Comité a tenu vingt deux séances et a entendu les témoins suivants:

*Du ministère des Finances:* M. R. Y. Grey, sous-ministre adjoint et M. C. D. Arthur, Division des relations économiques internationales.

*Du ministère du Revenu national (Douanes et Accise):* M. R. C. Labarge, sous-ministre, M. A. R. Hind, sous-ministre adjoint, M. H. D. MacDermid, chef, Section de l'évaluation et M. M. T. Keam, directeur, Section de l'appréciation aux douanes.

*De l'Association canadienne de fabricants de produits chimiques:* MM. D. D. Stokes, D. D. Hart, K. B. Mathewson et J. Mitchell.

*De l'Association des industries graphiques:* MM. Gaston Boulanger, W. W. Buchanan, David MacLellan et W. E. Curry.

*De l'Institut canadien des textiles:* MM. Eric Hehner, C. S. Malone, E. F. King, G. Payette et B. Demers.

*Du Conseil du commerce canado-japonais:* MM. R. L. Houston et Geoffrey Wasteneys.

*De l'Association des manufacturiers canadiens:* MM. George H. Dobbie, R. Lang et C. C. Weeks.

*From the Canadian Electrical Manufacturers Association:* Mr. K. H. Rapsey.

*From Canadian Westinghouse Limited:* Mr. W. J. Cheesman.

*From Canadian General Electric Company Limited:* Mr. J. H. Smith.

*From the Canadian Importers Association:* Messrs. Murray E. Corlett, Q.C., Karl Bald, K. G. Dixon, A. H. Behrens and A. T. Baylay.

*From the Electronics Industries Association of Canada:* Messrs. R. A. Phillips, R. G. Sukloff, J. G. Sutherland, W. R. Longstaffe and E. J. Gareau.

*From the Society of the Plastics Industry of Canada:* Messrs. E. G. Salmond, E. L. Littlejohn, L. Love, J. Mitchell.

*Representing the Canadian Basic Steel Industry:* Messrs. C. Ross Craig, George L. Waters, C. Carson Weeks and William J. Moloughney.

*From Atlas Steels Company:* Mr. Allan V. Orr.

*Representing the Machinery and Equipment Manufacturers' Association of Canada:* Mr. G. D. Lewis.

*From James Howden and Parsons of Canada Limited:* Mr. J. H. Fulcher.

*From the Canadian Federation of Agriculture:* Messrs. J. M. Bentley and David Kirk.

*Representing The Shoe Manufacturers Association of Canada:* Messrs. Jean-Guy Maheu and Eugene M. Henry.

Your Committee has considered the White Paper and in particular the draft bill contained at pages 40 to 100 thereof and recommends the draft bill to the House for its favourable consideration with the changes set forth hereunder:

*De la Canadian Electrical Manufacturers Association:* M. K. H. Rapsey.

*De la Canadian Westinghouse Limited:* M. W. J. Cheesman.

*De la Canadian General Electric Company Limited:* M. J. H. Smith.

*De l'Association des importateurs canadiens:* MM. Murray E. Corlett, C. R. Karl Bald, K. G. Dixon, A. H. Behrens et A. T. Baylay.

*De l'Electronics Industries Association of Canada:* MM. R. A. Phillips, R. G. Sukloff, J. G. Sutherland, W. R. Longstaffe et E. J. Gareau.

*De la Société des manufacturiers canadiens d'articles en matière plastique:* MM. E. G. Salmond, E. L. Littlejohn, L. Love, J. Mitchell.

*Représentant l'industrie canadienne de l'acier de base:* MM. C. Ross Craig, George L. Waters, C. Carson Weeks et William J. Moloughney.

*De la Société Atlas Steels:* M. Allan V. Orr.

*Représentant l'Association des fabricants canadiens de machines et de matériel:* M. G. D. Lewis.

*De la Société James Howden and Parsons of Canada Ltd.:* M. J. H. Fulcher.

*De la Fédération canadienne de l'agriculture:* MM. J. M. Bentley et David Kirk.

*Représentant l'Association des fabricants de chaussures du Canada:* MM. Jean-Guy Maheu et Eugène M. Henry.

Le Comité a examiné le Livre blanc et en particulier le projet de loi contenu aux pages 40 à 100 du Livre blanc et recommande à la Chambre d'accepter ce projet de loi, compte tenu des modifications suivantes:



PROPOSED AMENDMENTS TO  
DRAFT BILL ON ANTI-DUMPING:

Clause 2(1)

(n) "sale" includes agreement to sell;

Clause 2(2)

(a) "associated persons or persons associated with each other are persons not dealing with each other at arm's length within the meaning of subsection (5) of section 139 of the Income Tax Act; and

Clause 5(a)

(ii) material injury has been caused to the production in Canada of like goods by reason of the fact that the entered goods constitute a massive importation or form part of a series of importations into Canada of dumped goods that in the aggregate are massive and that have occurred within a relatively short period of time, and in order to prevent the recurrence of such material injury, it appears necessary to the Tribunal that duty be assessed on the entered goods, and

Clause 7

(2) Every order made under this section shall be published in the *Canada Gazette*.

Clause 9

(2) In the application of subsection (1) in the case of any goods,

(a) if there was not, in the opinion of the Deputy Minister, such a number of the sales of like goods made by the exporter at the place described in paragraph (d) of subsection (1) as to permit a proper comparison with the sale of the goods to the importer in Canada, there shall be substituted for that place the place located nearest thereto at which like goods were sold by the exporter; and

MODIFICATIONS AU PROJET DE LOI  
ANTIDUMPING

Article 2(1)

n) «Vente» comprend une promesse de vente;

Article 2(2)

a) «personnes associées» ou personnes associées l'une avec l'autre désignent des personnes ne traitant pas l'une avec l'autre à distance au sens où l'entend le paragraphe (5) de l'article 139 de la Loi de l'impôt sur le revenu; et

Article 5 a)

(ii) qu'un préjudice sensible a été causé à la production au Canada de marchandises semblables en raison du fait que les marchandises entrées constituent une importation massive ou font partie d'une série d'importations de marchandises sous-évaluées au Canada lorsque ces importations sont massives dans l'ensemble et se sont produites au cours d'une période relativement courte et que, en vue d'empêcher qu'un tel préjudice sensible ne se répète, il apparaît nécessaire au Tribunal que le droit soit évalué d'après les marchandises entrées, et

Article 7

(2) Tout décret établi en vertu du présent article doit être publié dans la *Gazette du Canada*.

Article 9

(2) Dans l'application du paragraphe (1), dans le cas de toutes marchandises,

a) s'il n'y avait pas, de l'avis du sous-ministre, un nombre suffisant de ventes de marchandises semblables effectuées par l'exportateur au lieu décrit à l'alinéa d) du paragraphe (1) permettant d'établir une comparaison exacte avec les ventes à l'exportation, on doit substituer à ce lieu celui qui se trouve le plus près de lui et où des marchandises semblables ont été vendues par l'exportateur; et

(b) if there was not a sufficient number of sales of like goods made by the exporter by reason of the fact that the exporter sold goods solely or primarily for export, but there were sales of like goods for home consumption in the country of export by other vendors, there shall be substituted for the exporter such one of any such vendors as the Deputy Minister may specify.

(3) In determining the normal value of any goods under subsection (1), the price of like goods when sold by the exporter to purchasers during the period referred to in paragraph (a) of subsection (1) shall be

(a) the price at which the preponderance of sales of like goods that comply with all the terms and conditions that are referred to in subsection (1) or that are applicable by virtue of subsection (2) was made by the exporter to purchasers throughout the period; and

(b) when there is no such preponderance of sales at a single price throughout the period, the weighted average of the prices at which like goods are so sold by the exporter to purchasers throughout the period.

(4) Where goods imported into Canada and goods sold for home consumption are like goods except only that the goods sold for home consumption have applied to them a trade mark, as defined in the *Trade Marks Act*, that is not applied to the goods imported into Canada, and goods like the goods imported are not sold for home consumption, the goods imported and the goods sold for home consumption shall be deemed to be like goods for the purposes of this section if, in the opinion of the Minister,

b) s'il n'y avait pas un nombre suffisant de ventes de marchandises semblables effectuées par l'exportateur en raison du fait que l'exportateur vendait des marchandises seulement ou essentiellement pour l'exportation, mais qu'il y avait eu des ventes de marchandises semblables destinées à la consommation intérieure dans le pays d'exportation par d'autres vendeurs, on doit substituer à l'exportation celui de ces dits vendeurs que le sous-ministre pourra spécifier.

(3) Pour la détermination de la valeur normale de toutes marchandises en vertu du paragraphe (1), le prix de marchandises semblables, lorsqu'elles sont vendues par l'exportateur à des acheteurs pendant la période mentionnée à l'alinéa a) du paragraphe (1) doit être

a) le prix auquel dans la plupart des cas, des ventes de marchandises semblables ont été faites par l'exportateur à des acheteurs durant toute cette période et qui sont conformes à toutes les modalités mentionnées au paragraphe (1) ou applicables en vertu du paragraphe (2); et

b) lorsque, dans la plupart des cas, ces ventes n'ont pas eu lieu à prix fixe durant toute cette période, fondé sur une moyenne pondérée des prix auxquels des marchandises semblables ont ainsi été vendues par l'exportateur à des acheteurs durant toute cette période.

(4) Lorsque des marchandises importées au Canada et des marchandises destinées à la consommation intérieure sont des marchandises semblables, sauf que les marchandises destinées à la consommation intérieure portent une marque de commerce, telle que définie dans la *Loi sur les marques de commerce*, que ne portent pas les marchandises importées au Canada, et lorsque des marchandises semblables aux marchandises importées ne sont pas destinées à la consommation intérieure, les marchandises importées et les marchandises destinées à la consommation intérieure seront censées être des marchandises semblables aux fins du présent article, si, de l'avis du Ministre,



(a) the goods are being imported into Canada without that trade mark applied to them in order to avoid the operation of subsection (1), and

(b) it is probable that there will be applied to the goods, subject to their importation into Canada, that trade mark or any other mark so closely resembling that trade mark that it is likely to be taken therefor.

(5) Where the normal value of any goods cannot be determined under subsection (1) by reason that there was not a sufficient number of sales of like goods that comply with all the terms and conditions that are referred to in that subsection or that are applicable by virtue of subsection (2), the normal value of the goods shall be determined, at the option of the Deputy Minister in any case or class of cases, as

(a) such price of like goods when sold by the exporter to importers in any country other than Canada during the period referred to in paragraph (c) of subsection (1) as, in the opinion of the Deputy Minister, fairly reflects the market value of the goods at the time of the sale of the goods to the importer in Canada, as adjusted by allowances calculated in the manner prescribed by the regulations to reflect the differences in the terms and conditions of sale, in taxation and other differences relating to price comparability between the sale of the goods to the importer in Canada and the sales of the like goods by the exporter to importers in any country other than Canada but with no other allowances affecting price comparability whatever; or

(b) the aggregate of

(i) the cost of production of the goods, and

(ii) an amount for administrative, selling and all other costs and for profits, calculated in such manner as may be prescribed by the regulations.

a) les marchandises sont importées au Canada sans cette marque de commerce de manière à échapper à l'application du paragraphe (1), et

b) il est probable que les marchandises, porteront, après avoir été importées au Canada, cette marque de commerce ou une autre marque de commerce assez ressemblante pour être probablement confondue avec elle.

(5) Lorsque la valeur normale des marchandises ne peut être déterminée en vertu du paragraphe (1) en raison du fait qu'il n'y avait pas un nombre suffisant de ventes de marchandises semblables répondant à toutes les modalités qui sont visées dans ce paragraphe ou qui sont applicables en vertu du paragraphe (2), la valeur normale des marchandises doit être déterminée, au gré du sous-ministre, dans tout cas ou toute catégorie de cas,

a) comme étant le prix de marchandises semblables lorsqu'elles sont vendues par l'exportateur à des importateurs dans tout pays autre que le Canada pendant la période visée à l'alinéa c) du paragraphe (1) qui, de l'avis du sous-ministre, reflète équitablement leur valeur marchande à l'époque de la vente des marchandises à l'importateur au Canada, corrigé par les règlements pour refléter les différences dans les modalités de vente, d'imposition et les autres différences relatives à la comparabilité des prix entre la vente des marchandises à l'importateur au Canada et les ventes de marchandises semblables par l'exportateur à des importateurs dans tout pays autre que le Canada mais sans aucun autre dégrèvement affectant la comparabilité des prix; ou

b) comme étant l'ensemble

(i) du coût de production des marchandises, et

(ii) d'un montant pour les frais administratifs, les frais de vente et tous autres frais ainsi que pour les bénéfices, calculés de la manière que peuvent prescrire les règlements.

## Clause 10

(1) Subject to this section, the export price of any goods, notwithstanding any invoice or affidavit to the contrary, is an amount equal to the lesser of

(a) the exporter's sale price for the goods, or

(b) the importer's purchase price for the goods,

adjusted in the manner prescribed by the regulations to exclude all charges thereon resulting from or arising after their shipment from the place described in paragraph (d) of subsection (1) of section 9 or, where applicable, the place substituted therefor in determining normal value by virtue of paragraph (a) of subsection (2) of section 9.

## Clause 10,(2) (b)

(ii) by reason of a compensatory arrangement made between any two or more of the following, namely, the manufacturer or producer, the vendor, the exporter, the importer and any other party, that directly or indirectly affects or relates to

(A) the price of the goods,

(B) the sale of the goods,

(C) the net return of the exporter, vendor, manufacturer or producer of the goods, or

(D) the net cost to the importer of the goods.

## Clause 10(2) (c)

(c) if the goods were sold by the importer in the condition in which they were imported to a person with whom, at the time of the said sale, he was not associated, the price for which the goods were so sold less an allowance calculated in the manner prescribed by the regulations

(i) for costs, including the duties imposed under the Customs Tariff and

## Article 10

(1) Sous réserve du présent article, le prix à l'exportation de toutes marchandises, nonobstant toute facture ou affidavit énonçant le contraire, est un montant égal au moindre

a) du prix de vente de l'exportateur pour les marchandises, ou

b) du prix d'achat de l'importateur pour les marchandises,

corrigé de la manière prescrite par les règlements afin d'exclure toutes les charges sur celles-ci, résultant de leur expédition du lieu décrit à l'alinéa d) du paragraphe (1) de l'article 9 ou survenant par la suite, ou lorsque cela est applicable, du lieu qui y est substitué afin de déterminer la valeur normale en vertu de l'alinéa a) du paragraphe (2) de l'article 9.

## Article 10(2)b)

(ii) en raison d'un arrangement compensatoire, passé entre deux ou plusieurs des personnes suivantes, à savoir: le fabricant ou producteur, le vendeur, l'exportateur, l'importateur et toute autre partie, qui affecte ou concerne, directement ou indirectement,

(A) le prix des marchandises,

(B) la vente des marchandises,

(C) le profit net pour l'exportateur, le vendeur, le fabricant ou producteur des marchandises, ou

(D) le coût net pour l'importateur des marchandises.

## Article 10(2)c)

c) si les marchandises ont été vendues par l'importateur, dans l'état où elles ont été importées, à une personne avec laquelle, au moment de ladite vente, il n'était pas associé, le prix pour lequel les marchandises ont été ainsi vendues diminué d'un dégrèvement calculé de la manière prescrite par les règlements,

(i) pour les frais, y compris les droits imposés selon le Tarif des douanes et



taxes, incurred on or after the importation of the goods and their sale by the importer.

(ii) for profits on the sale of the goods to that person, and

(iii) for all charges on the goods resulting from or arising after their shipment from the place described in paragraph (d) of subsection (1) of section 9, or

#### Clause 10(4)

(4) For greater certainty, any agreement pursuant to which the manufacturer or producer, the vendor or the exporter of any goods undertakes directly or indirectly, or in any manner whatsoever, to indemnify, pay on behalf of or reimburse the importer of the goods for all or any part of the dumping duty that may be levied upon the entry of the goods, shall be deemed to be a compensatory arrangement affecting the price of the goods within the meaning of paragraph (b) of subsection (2).

#### Clause 14(2)

(c) cause to be filed with the Secretary of the Tribunal notice in writing of the determination, stating the reasons therefor, together with such other material relating to the determination as may be required under the rules of the Tribunal; and

(d) in accordance with the directions given by the Minister, take such proceedings as may be necessary in order to make a final determination of dumping, in accordance with subsection (1) of section 17, within three months from the date of the preliminary determination.

#### Clause 15

(2) Any provisional duty or security paid or posted by or on behalf of an importer in respect of the entry of any goods pursuant to subsection (1) shall, except to the extent of the duty payable

les taxes, encourus au moment de l'importation des marchandises et de leur vente par l'importateur ou par la suite,

(ii) pour les profits sur la vente de marchandises à cette personne, et

(iii) pour toutes les charges sur les marchandises résultant de leur expédition du lieu décrit à l'alinéa d) du paragraphe (1) de l'article 9, ou survenant par la suite, ou

#### Article 10(4)

(4) Pour plus de certitude, un accord en conformité duquel le fabricant ou le producteur, le vendeur ou l'exportateur de toutes marchandises s'engage, directement ou indirectement ou de quelque façon que ce soit à indemniser, à payer pour le compte de l'importateur ou à rembourser à ce dernier la totalité ou une partie des droits antidumping qui peuvent être imposés sur l'entrée des marchandises, est censé être un arrangement compensatoire affectant le prix des marchandises dans le sens où l'entend l'alinéa b) du paragraphe (2).

#### Article 14(2)

c) faire produire au bureau du secrétaire du Tribunal un avis écrit de la détermination énonçant les motifs de cette détermination, ainsi que tout ce que les règles du Tribunal peuvent exiger de produire au sujet de la détermination; et

d) en conformité des instructions données par le Ministre, prendre les mesures nécessaires pour faire une détermination définitive du dumping en conformité du paragraphe (1) de l'article 17, dans les trois mois de la date de la détermination préliminaire.

#### Article 15

(2) Tout droit temporaire payé ou toute caution payée ou fournie par un importateur ou en son nom relativement à l'entrée de marchandises en conformité du paragraphe (1) doivent, sauf jusqu'à concur-

in respect of the goods, be returned to the importer forthwith following the final determination made by the Deputy Minister under section 17, in respect of the goods.

Clause 16(1)(b)(ii)

(ii) material injury has been caused to the production in Canada of like goods by reason of the fact that the entered goods constitute a massive importation or form part of a series of importations into Canada of dumped goods that in the aggregate are massive and that have occurred within a relatively short period of time, and in order to prevent the recurrence of such material injury, it appears necessary to the Tribunal that duty be assessed on the entered goods.

Clause 17

(3) The Deputy Minister shall give notice of his final determination in the manner prescribed by the regulations and shall cause notice thereof to be published in the Canada Gazette.

Clause 18(1) and (3)

(1) Subject to this Act, where, subsequent to an order or finding of the Tribunal, any goods are entered into Canada,

(a) a determination as to whether the entered goods are goods of the same description as the goods or description of goods to which the order or finding applies, and

(b) an appraisal of the normal value and export price of the entered goods, made upon the entry is final and conclusive unless the importer, within 90 days from the making thereof, makes a written request in a prescribed form and in a manner prescribed by the regulations to a Dominion Customs Appraiser for a re-determination or a re-appraisal.

rence du droit payable relativement aux marchandises, être remboursés ou rendus à l'importateur dès que la détermination définitive a été faite par le sous-ministre, en vertu de l'article 17, relativement aux marchandises.

Article 16(1)b)

(ii) si un préjudice sensible a été causé à la production au Canada de marchandises semblables du fait que les marchandises entrées constituent une importation massive ou font partie d'une série d'importations de marchandises sous-évaluées au Canada lorsque ces importations sont massives dans l'ensemble et se sont produites au cours d'une période relativement courte, et si, en vue d'empêcher qu'un tel préjudice sensible ne se répète, l'imposition d'un droit sur les marchandises entrées paraît nécessaire au Tribunal.

Article 17

(3) Le sous-ministre donne un avis de sa détermination définitive de la manière prescrite par les règlements et doit faire publier cet avis dans la Gazette du Canada.

Articles 18(1) et (3)

(1) Sous réserve de la présente loi, lorsque, à la suite d'une ordonnance ou de conclusions du Tribunal, des marchandises sont entrées au Canada,

a) une détermination sur la question de savoir si les marchandises entrées sont des marchandises de la même sorte que les marchandises ou la sorte de marchandises auxquelles s'appliquent l'ordonnance ou les conclusions, et

b) une évaluation de la valeur normale et du prix normal à l'exportation des marchandises entrées, faites lors de l'entrée, sont définitives et péremptoires à moins que l'importateur, dans les 90 jours de leur date ne fasse une demande écrite à un appréciateur fédéral des douanes, en la forme prescrite et de la manière que prescrivent les règlements, aux fins d'obtenir une nouvelle détermination ou une nouvelle évaluation.



(3) Subject to subsection (4), a decision of a Dominion Customs Appraiser under this section is final and conclusive unless the importer, within 90 days of the date of the decision, makes a written request in a prescribed form and in a manner prescribed by the regulations to the Deputy Minister for a re-determination or a re-appraisal.

#### Clause 19

(3) On any appeal under subsection (1) the Tariff Board may make such order or finding as the nature of the matter may require and, without limiting the generality of the foregoing, may declare what duty is payable or that no duty is payable on the goods with respect to which the appeal was taken, and an order, finding or declaration of the Tariff Board is final and conclusive subject to further appeal as provided in section 20.

#### Clause 21

(1) There shall be a tribunal to be called the Anti-dumping Tribunal, consisting of not more than five members to be appointed by the Governor in Council.

#### Clause 22

22. Each member of the Tribunal shall be paid such remuneration for his services as is fixed by the Governor in Council and is entitled to be paid reasonable travelling and living expenses incurred by him while absent from Ottawa in the course of his duties under this Act.

#### Clause 25(1) and (2)

(1) The Tribunal may, subject to the approval of the Governor in Council, make rules respecting

- (a) the sittings of the Tribunal; and
- (b) the procedure for making representations to the Tribunal and generally the manner of conducting any business before the Tribunal.

(3) Sous réserve du paragraphe (4), une décision d'un appréciateur fédéral des douanes rendue en vertu du présent article est définitive et péremptoire à moins que l'importateur, dans les 90 jours de la date de la décision, ne fasse une demande écrite au sous-ministre, en la forme prescrite et de la manière que prescrivent les règlements, en vue d'obtenir une nouvelle détermination ou une nouvelle évaluation.

#### Article 19

(3) Sur un appel en vertu du paragraphe (1), la Commission du tarif peut rendre une ordonnance ou prendre des conclusions que peut exiger la nature de l'affaire et, sans limiter la portée générale de ce qui précède, elle peut déclarer quel droit est payable, ou qu'aucun droit n'est payable, sur les marchandises auxquelles a trait l'appel, et une ordonnance, des conclusions ou une déclaration de la Commission du tarif sont définitives et péremptoires sous réserve d'un nouvel appel tel que prévu à l'article 20.

#### Article 21

(1) Est institué un tribunal, connu sous le nom de Tribunal antidumping, composé de cinq membres au plus qui seront nommés par le gouverneur en conseil.

#### Article 22

Chaque membre du Tribunal doit recevoir, pour ses services, la rémunération établie par le gouverneur en conseil, et a droit à des allocations pour les frais raisonnables de voyage et de subsistance encourus par lui, pendant qu'il est absent d'Ottawa, dans l'exercice de ses fonctions en vertu de la présente loi.

#### Article 25(1) et (2)

(1) Le Tribunal peut, sous réserve de l'approbation du gouverneur en conseil, établir des règles concernant

- a) les séances du Tribunal; et
- b) la procédure de présentation des observations au Tribunal, et, de façon générale, la procédure régissant le fonctionnement du Tribunal.

(2) Copies of all rules made pursuant to subsection (1) shall be laid before Parliament within 15 days after the commencement of the session next ensuing after the making thereof.

#### Clause 30

(Clause 30 of the proposed Anti-dumping Bill to be deleted)

#### Clause 32

(2) The Tribunal shall, within three months of the termination of each year, transmit to the Minister of Finance a statement relating to the activities of the Tribunal for that year and the Minister shall cause such statement to be laid before Parliament within fifteen days after the receipt thereof or, if Parliament is not then sitting, on any of the first fifteen days next thereafter that Parliament is sitting.

#### Clause 33

(1) The true amount of duty or provisional duty payable to Her Majesty on any goods entered into Canada from and after the time such duty should have been paid or accounted for constitutes a debt due and payable to Her Majesty by the importer of the goods, and such debt may be recovered at any time with full costs of suit in any court of competent jurisdiction, and any goods thereafter imported by the said importer are subject to a lien for such debt and may be withheld from delivery by Customs until such debt is paid.

#### Clause 34

(2) Where, in the case of a request made by the Deputy Minister under subsection (1) to submit a statement with respect to any goods on or before a specified date, the manufacturer or producer, the vendor, the exporter or the importer of the goods refuses or fails to comply with the request, any entry subsequent to the specified date of goods of the same description made or exported by or on behalf of the manufacturer or producer, the vendor, the exporter or the importer shall be deemed not to have been perfected, notwithstanding any other provision of this Act, until

(2) Des copies de toutes les règles établies en conformité du paragraphe (1) doivent être déposées au Parlement dans les 15 jours du début de la session qui suit leur établissement.

#### Article 30

(L'article 30 du projet de bill antidumping sera retranché).

#### Article 32

(2) Le Tribunal doit, dans les trois mois qui suivent la fin de chaque année, communiquer au ministre des Finances un état relatif aux activités du Tribunal au cours de cette année et le Ministre doit faire en sorte que cet état soit déposé devant le Parlement dans les quinze jours qui suivent sa réception ou, si le Parlement n'est pas alors en session, dans les quinze premiers jours de session qui suivent.

#### Article 33

(1) Le montant exact d'un droit, temporaire ou non, payable à Sa Majesté sur des marchandises entrées au Canada constitue à compter de la date où le droit aurait dû être payé ou comptabilisé, une dette due et payable à Sa Majesté par l'importateur des marchandises. Cette dette et tous les frais de justice peuvent être recouvrés n'importe quand devant tout tribunal compétent, et toutes marchandises importées ensuite par ledit importateur sont assujetties à un privilège garantissant cette dette et peuvent être retenues par les douanes jusqu'à ce que cette dette soit payée.

#### Article 34

(2) Lorsque, dans le cas d'une demande, faite par le sous-ministre en vertu du paragraphe (1), de produire un état relatif à des marchandises, au plus tard à une date spécifiée le fabricant ou le producteur, le vendeur, l'exportateur ou l'importateur des marchandises refuse ou omet de se conformer à la demande, une entrée, postérieure à la date fixée, de marchandises de même sorte fabriquées ou exportées par ou au nom du fabricant ou du producteur, du vendeur, de l'exportateur ou de l'importateur, est censée n'avoir pas été effectuée, nonobstant toute autre disposition de la présente loi,



(a) the statement with respect to the goods is submitted to the Deputy Minister and the normal value and the export price of the said goods are determined pursuant to sections 9 and 10, or  
(b) the normal value and the export price of the goods are determined pursuant to section 11.

#### Clause 35

(2) No regulation made under this section has effect until it has been published in the *Canada Gazette* but, when so published, a regulation shall, if it so provides, be effective from or at any time after the making thereof.

#### Clause 37

(1c) When any order is made under subsection (1a), the order shall cease to have any force or effect with respect to any period following the 180th day from the date of its making or, if Parliament is not then in session, the 15th day after the commencement of the next ensuing session, unless before that day the order is approved by Parliament.

#### Clause 38

(1) Subsection (8) of section 3 of the *Tariff Board Act* is repealed and the following substituted therefor:

“(8) With respect to an appeal to the Board pursuant to any Act other than this Act three or more members have and may exercise and perform all the powers and functions of the Board.

(2) Section 9 of the said Act is repealed and the following substituted therefor:

“9 The Board shall cause its decisions in any case brought before it pursuant to any Act other than this Act to be published forthwith in the *Canada Gazette*.”

a) jusqu'à ce que l'état relatif aux marchandises soit produit au sous-ministre et que la valeur nominale et le prix à l'exportation desdites marchandises soient déterminés en conformité des articles 9 et 10, ou

b) jusqu'à ce que la valeur normale et le prix à l'exportation des marchandises soient déterminés en conformité de l'article 11.

#### Article 35

(2) Aucun règlement établi en vertu du présent article n'a d'effet avant d'avoir été publié dans la *Gazette du Canada* mais, lorsqu'il y a été publié, un règlement, s'il le prévoit, entre en vigueur à compter de son établissement ou n'importe quand par la suite.

#### Article 37

(1c) Lorsqu'une ordonnance est établie en vertu du paragraphe (1a), l'ordonnance cesse d'avoir effet relativement à toute période postérieure au 180<sup>e</sup> jour à compter de la date où elle a été rendue ou, si le Parlement n'est pas alors en session, au 15<sup>e</sup> jour après le début de la session suivante, à moins qu'avant cette date l'ordonnance ne soit approuvée par le Parlement.

#### Article 38

(1) Le paragraphe (8) de l'article 3 de la *Loi sur la Commission du tarif* est abrogé et remplacé par ce qui suit:

«(8) En ce qui concerne un appel à la Commission, sous le régime de toute loi autre que la présente loi, trois membres ou plus détiennent et peuvent exercer les pouvoirs et les fonctions de la Commission.»

(2) L'article 9 de ladite loi est abrogé et remplacé par ce qui suit:

«9. La Commission doit faire immédiatement publier, dans la *Gazette du Canada*, les décisions qu'elle a rendues en toute affaire dont elle a été saisie sous le régime de toute loi autre que la présente loi.»

Your Committee requests that the Government give further consideration to certain problems raised with respect to clauses 19, 22 and of the draft bill.

Your Committee notes that the following appears in the *Introduction* to the White Paper:

Canadian representatives took an active part in negotiating the Code to ensure that, on the one hand, it protected Canadian exports against the unreasonable use of dumping duties by other countries and, on the other, would leave the Canadian Government free to apply dumping duties quickly and effectively when dumping caused or threatened injury to Canadian industry.

Your Committee wishes to underline the necessity of prompt and effective action to ensure the carrying out of the intent of the proposed legislation with regard to injurious dumping.

Your Committee also heard much evidence with respect to certain types of low cost imports causing serious injury and reiterates that prompt and effective action must also be taken under the pertinent section of the proposed legislation.

Your Committee recommends that the Tribunal be duly constituted with members of the highest calibre at the earliest possible date.

Your Committee notes that while agreement was reached on the principles of the Anti-Dumping Code by participating governments, problems still remain with respect to the full implementation of the Code among all participating nations. Your Committee urges the Government to continue to press for the full implementation of the Code among all nations and expresses the hope that the passage of the proposed bill will be of assistance in achieving this objective.

Your Committee recommends that negotiations for the elimination of other non-tariff barriers be intensified.

Le Comité demande au Gouvernement de se pencher spécialement sur certains problèmes qui ont été soulevés en rapport avec les articles 19, 22 et 33 du projet de loi.

Le Comité note le passage suivant à l'*Introduction* du Livre blanc:

«Les représentants canadiens prirent une part active à la négociation du (Code) international sur l'application des droits antidumping afin de s'assurer, d'une part, que les exportations canadiennes soient protégées contre un recours excessif aux droits antidumping dans d'autres pays et, d'autre part que le Gouvernement canadien soit laissé libre d'imposer rapidement et efficacement des droits antidumping lorsque le dumping cause ou menace de causer un préjudice à l'industrie canadienne.»

Le Comité désire souligner la nécessité de pouvoir recourir à une action rapide et efficace pour s'assurer que le but de la Loi se traduise dans la réalité en ce qui concerne les préjudices causés par le dumping.

Le Comité a aussi entendu plusieurs témoignages concernant certains genres d'importation à très bas prix qui causent des préjudices et rappelle qu'il faudrait prendre dès que possible des mesures satisfaisantes en vertu d'articles pertinents de la Loi proposée.

Le Comité recommande aussi que soit constitué au plus tôt un Tribunal formé de membres d'une compétence reconnue.

Le Comité note que, même si les gouvernements en sont venus à une entente sur les principes du code antidumping, il reste quelques problèmes à résoudre en ce qui concerne l'application du code dans tous les pays participants. Le Comité recommande au Gouvernement de continuer à insister auprès de ces pays pour que le code soit intégralement appliqué et ose espérer que l'adoption du projet de loi aidera à réaliser cet objectif.

Le Comité recommande d'autre part que s'intensifient les négociations visant à l'élimination des autres barrières non tarifaires.



A copy of the relevant Minutes of Proceedings and Evidence (Issues Nos. 2 to 7 inclusive and 9 to 16 inclusive) is tabled.

Respectfully submitted,  
GASTON CLERMONT,  
Chairman.

Un exemplaire des procès-verbaux et témoignages s'y rapportant (fascicules n<sup>os</sup> 2 à 7 inclusivement et 9 à 16 inclusive-ment) est déposé.

Respectueusement soumis,  
Le président,  
GASTON CLERMONT.





## MINUTES OF PROCEEDINGS

THURSDAY, December 5, 1968.\*  
(25)

[Text]

The Standing Committee on Finance, Trade and Economic Affairs met at 9:45 a.m. this day, the Chairman, Mr. Clermont, presiding.

*Members present:* Messrs. Blair, Burton, Clermont, Comtois, Danson, Flemming, Gervais, Gillespie, Gray, Howard (*Okanagan Boundary*), Lambert (*Edmonton West*), Portelance, Ritchie, Roberts, Trudel—(15).

*In attendance:* From the Department of Finance: Messrs. R. Y. Grey, Assistant Deputy Minister and C. D. Arthur, International Economic Relations Division. From the Department of National Revenue (*Customs and Excise*): Messrs. A. R. Hind, Assistant Deputy Minister; M. T. Keam, Director, Customs Appraisal Division; H. D. MacDermid, Chief, Valuation Section. From the Department of Industry: Mr. V. R. St. Louis, Office of Industrial Policy. From the Department of Trade and Commerce: Mr. C. J. Kelly, Office of Area Relations. And also: Mr. H. Calof, Solicitor to the Treasury.

The Committee resumed consideration of the White Paper on Anti-Dumping and Messrs. Arthur and Grey were questioned.

The Committee then proceeded to a clause by clause study of the draft bill on anti-dumping contained in the White Paper, and agreed to all the clauses as amended by the paper tabled at yesterday's meeting by the officials of the Department of Finance.

The Committee then sat *in camera* to consider its report to the House, and a report was discussed and agreed upon.

*Agreed,—That the Chairman present the Report to the House.*

## PROCÈS-VERBAL

Le JEUDI 5 décembre 1968\*  
(25)

[Traduction]

Le Comité permanent des Finances, du commerce et des questions économiques se réunit ce matin à 9 h. 45 sous la présidence de M. Clermont.

*Présents:* MM. Blair, Burton, Clermont, Comtois, Danson, Flemming, Gervais, Gillespie, Gray, Howard (*Okanagan Boundary*), Lambert (*Edmonton-Ouest*), Portelance, Ritchie, Roberts, Trudel—(15).

*Aussi présents:* Du ministère des Finances: MM. R. Y. Grey, sous-ministre adjoint et C. D. Arthur, division des relations économiques internationales. Du ministère du Revenu national (*Douanes et Accise*): MM. A. R. Hind, sous-ministre adjoint; M. T. Keam, directeur, division de l'appréciation (*douanes*); H. D. MacDermid, chef, section de l'évaluation. Du ministère de l'Industrie: M. V. R. St-Louis, bureau de la politique industrielle. Du ministère du Commerce: M. J. C. Kelly, bureau des relations régionales. Et aussi: M. H. Calof, avocat du Trésor.

Le Comité reprend l'examen du Livre blanc sur l'antidumping et MM. Arthur et Grey répondent aux questions.

Le Comité étudie article par article le projet de loi contenu dans le Livre blanc et accepte tous les articles, compte tenu des amendements contenus dans les documents soumis hier par les hauts fonctionnaires du ministère des Finances.

Le Comité se réunit alors à huis clos pour préparer son rapport à la Chambre; on discute du rapport et le met au point.

*Il est décidé,—Que le président présente le rapport à la Chambre.*

\* These Minutes of Proceedings are also printed in Issue No. 16.

In accordance with the resolution of November 21, 1968, the briefs of those organizations who have not appeared before the Committee are included herein as appendices, as follows:

*Appendix QQ: Apparel Manufacturers Council of Canada.*

*Appendix RR: Atlantic Packaging Company.*

*Appendix SS: The British Canadian Trade Association.*

*Appendix TT: The Canadian Gas Association.*

*Appendix UU: Intermarkets Ltd.*

*Appendix VV: P. Frederic Jackson.*

*Appendix WW: Polymer Corporation Ltd.*

*Appendix XX: Retail Council of Canada.*

*Appendix YY: The Rubber Association of Canada.*

*Appendix ZZ: Vancouver Board of Trade.*

At 12:13 p.m. the Committee adjourned to the call of the Chair.

\*Ce procès-verbal a déjà été imprimé au fascicule n° 16.

Conformément à la résolution du 21 novembre 1968, on inclut à la présente les mémoires des organismes qui n'ont pas pu paraître devant le Comité.

*Appendice QQ: Apparel Manufacturers Council of Canada.*

*Appendice RR: Atlantic Packaging Company.*

*Appendice SS: The British Canadian Trade Association.*

*Appendice TT: The Canadian Gas Association.*

*Appendice UU: Intermarkets Ltd.*

*Appendice VV: P. Frederick Jackson.*

*Appendice WW: Polymer Corporation Ltd.*

*Appendice XX: Retail Council of Canada.*

*Appendice YY: The Rubber Association of Canada.*

*Appendice ZZ: Le Board of Trade de Vancouver.*

A l'invitation du président, le Comité s'ajourne à 12 h. 13 de l'après-midi.

*La secrétaire du Comité,*

*Dorothy F. Ballantine*

*Clerk of the Committee.*

*Notes: (a) Information supplied by Mr. J. H. Fulcher in answer to a question by Mr. Hales at the meeting of November 28, 1968, is included herewith as Appendix AAA.*

*(b) See page 982 for Appendix PP which was not available for inclusion in Issue No. 14.*

*Nota: a) Ci-joint document soumis par M. J. H. Fulcher en réponse à une question posée par M. Hales au cours de la réunion du 28 novembre 1968. (Voir appendice AAA)*

*b) Voir l'Appendice PP à la page 982 qui n'avait pas été reçu à temps pour l'inclure dans le fascicule n° 14.*



[Texte]

[Traduction]

## APPENDIX AAA

## HOWDEN &amp; PARSONS

*Answer to question from Mr. Hales, meeting of November 28, 1968:*

Reasons why proposed legislation does not appear so strong—

1. It is necessary to prove material injury before dumping duties can be applied. Therefore, presumably, dumping could occur if material injury not proven.

2. Automatic threat of paying duty on importation of goods has disappeared.

3. Likelihood of delays in taking action, even if dumping and material injury shown, because Department of National Revenue will not now be in control of the whole administrative process.

4. There is no administrative procedure set up to check with Canadian industry as regards dumped prices. It is left to the good offices of Canadian industry to report cases to Government, which is extremely difficult and costly.

5. Government does not currently monitor every contract placement in Canada—only spot checks are made—and there is no liaison of significance with Provincial utility commissions to prevent dumping. Although the majority of the utility commissions require Canadian content to be stated on tenders, this is only reviewed on the larger contracts by the Federal Government under the bona fide manufacturing company regulations.

J. H. Fulcher

Raisons pour lesquelles la mesure législative à l'étude ne semble pas trop énergique.

1. Pour que les droits antidumping s'appliquent, il faut d'abord établir qu'il y a eu préjudice important, ce qui porte à croire que le dumping pourrait continuer à défaut d'une telle preuve.

2. Les importateurs ne risquent plus de payer automatiquement des droits d'entrée.

3. Lenteur probable à donner suite aux plaintes (même en cas de dumping et de préjudice important), puisque l'application de la loi n'est plus du tout du ressort exclusif du ministère du Revenu national.

4. Il n'existe aucune pratique administrative qui permette de contrôler les prix de dumping dans les industries canadiennes. On laisse à celles-ci le soin de signaler les infractions au gouvernement, procédé des plus difficiles et coûteux.

5. A l'heure actuelle, le gouvernement ne contrôle pas tous les contrats intervenus au Canada... Il n'exerce qu'un contrôle au hasard. Il n'existe aucun arrangement efficace entre le gouvernement et les commissions de service public provinciales en vue d'empêcher le dumping. La majorité de ces commissions exigent que la participation canadienne au contrat soit précisée dans la soumission, mais il n'y a pas d'inspection de la part du gouvernement fédéral, sauf pour les contrats les plus importants, en vertu des règlements régissant les fabricants autorisés.

(Signé) J. H. Fulcher.

[Text]

[Translation]

## APPENDICE PP

L'ASSOCIATION DES  
MANUFACTURIERS DE CHAUSSURES  
DU CANADA

le 5 décembre 1968.

M. Gaston Clermont,  
Président,  
Comité Permanent de la Finance, du  
Commerce, et des Questions Economiques,  
Chambres des Communes,  
Ottawa, Ontario.

Cher monsieur Clermont:

Au nom de l'Association des Manufacturiers de Chaussures du Canada, je tiens a vous remercier, vous et les membres du comité, pour la courtoisie que vous avez eu a notre egard lors de la presentation de notre memoire le 3 decembre dernier.

A cause de mon manque d'expérience, monsieur le président, j'ai mentionné des noms d'entreprises lors de mon témoignage tels que Bata, Genesco, Status Corporation. Serait-il possible d'identifier Bata et Genesco, simplement par les mots «un fabricant canadien», et Status Corporation par les mots «un importateur»?

Pour faire suite à la demande de Mlle Ballantine, voici:

- 1) L'epellation du nom de l'auteur du rapport que j'ai cité—«Elmo Roper and Associates»
- 2) Ci-inclus vous trouverez les tableaux statistiques que j'ai utilisé quand j'ai répondu aux questions des membres du comité.

Veuillez accepter, monsieur le président, mes meilleures salutations.

Sincèrement,

Jean-Guy Maheu, C.A.,  
vice-président exécutif.

## APPENDIX PP

THE SHOE MANUFACTURERS'  
ASSOCIATION OF CANADA

December 5, 1968.

Mr. Gaston Clermont,  
Chairman,  
Standing Committee on Finance,  
Trade and Economic Affairs,  
House of Commons,  
Ottawa, Ont.

Dear Mr. Clermont,

On behalf of The Shoe Manufacturers' Association of Canada, I wish to thank you along with the members of the Committee for the courtesy you showed us when we submitted our brief on the 3rd instant.

Because of my lack of experience, Mr. Chairman, I mentioned during my testimony, the names of certain concerns such as Bata, Genesco, and Status Corporation. Would it be possible to refer to Bata and Genesco simply by the term "a Canadian manufacturer", and to Status Corporation by the term "an importer"?

The following is in further reference to Miss Ballantine's request:

- (1) The spelling of the name of the author whose report I referred to: "Elmo Roper and Associates".
- (2) Enclosed you will find the statistical tables that I used when replying to the questions of the members of the Committee.

Yours Sincerely,

Jean-Guy Maheu, C.A.,  
Executive Vice-President.



SCHEDULE: I

PRODUCTION—IMPORTS—EXPORTS 1956 TO 1967  
PRODUCTION—IMPORTATIONS—EXPORTATIONS 1956 à 1967

Year Année	Population	Production		Total	Importations Exports		Marché Domestique Consumption	Imports as a % of Domestic Production		Imports en % de la Production Canadienne	
		Leather	Rubber		Imports (pairs)	Exports (pairs)		%	%	%	%
1956.....	16,080,800	42,369,637	16,494,453	58,854,090	6,898,315	1,308,033	64,444,372	11.7	10.7		
1957.....	16,558,000	42,546,850	15,169,478	57,716,328	6,341,900	1,122,040	62,936,188	11.0	10.0		
1958.....	17,015,000	43,641,429	13,314,737	56,956,166	8,859,415	884,524	64,931,057	15.5	13.6		
1959.....	17,408,000	45,922,030	14,975,951	60,897,981	13,719,350	1,193,881	73,423,450	22.5	18.6		
1960.....	17,778,000	43,830,717	14,367,653	58,198,370	17,182,485	1,121,806	74,259,049	29.5	23.1		
1961.....	18,238,250	46,512,294	14,905,651	61,417,945	21,680,260	1,380,243	81,717,962	35.3	26.5		
1962.....	18,570,000	47,713,758	16,306,490	64,020,248	21,573,270	2,384,675*	83,208,843	33.7	25.9		
1963.....	18,896,000	46,978,281	17,327,275	64,305,556	22,434,270	2,136,648	84,603,178	34.8	26.5		
1964.....	19,235,000	47,702,732	18,303,039	66,005,771	26,144,215	2,163,315	89,986,671	39.5	29.0		
1965.....	19,571,000	47,467,556	18,322,453	65,790,009	27,394,056	1,749,461	91,434,604	41.6	29.9		
1966.....	19,919,000 <sup>(1)</sup>	48,398,177	14,804,722	63,202,899	30,477,918	1,390,364	92,290,453	48.2	33.0		
1967.....	20,300,000 <sup>(2)</sup>	47,785,674	10,820,239	58,605,913	34,549,739	1,560,835	91,594,817	58.9	37.7		

SOURCE: D.B.S.—B.F.S.  
 \*In 1962, the Canadian Government devaluated the Canadian dollar to a par value of 92½ cents in relation to the U.S. dollar.  
 En 1962, le gouvernement canadien a dévalué le dollar canadien à une valeur de 92½ cents par rapport au dollar américain.  
<sup>(1)</sup>Prior to 1966, the population figure of footwear, other than leather was represented by the total shipments.  
 Avant 1966, la production de la chaussure, autre que le cuir, était donnée par le total des livraisons.  
<sup>(2)</sup>Figures not available.  
 Chiffres non disponibles.

## SCHEDULE: III

IMPORTS BY GROUPS OF COUNTRIES\*—1962 to 1967  
IMPORTATION PAR GROUPES DE PAYS\*—1962 à 1967

	1962	1963	1964	1965	1966	1967
Total Imports (No. of pairs) Importations totales (No. de paires).....	21,573,278 100%	22,434,270 100%	26,144,215 100%	27,394,056 100%	30,478,164 100%	34,549,739 100%
Asiatic Countries—Pays asiatiques.....	15,798,561 73.2%	17,178,152 76.5%	18,932,702 72.4%	18,248,071 66.6%	19,430,452 63.7%	22,518,762 65.1%
European Countries—Pays européens.....	3,086,578 14.3%	2,872,229 12.8%	3,707,628 14.2%	4,101,312 15.0%	4,214,579 13.8%	5,704,887 16.5%
Communist Countries—Pays communistes.....	1,503,832 7.0%	1,479,132 6.6%	2,471,905 9.5%	3,640,652 13.3%	5,418,973 17.8%	4,850,604 14.0%
Other Countries—Autres pays.....	1,184,307 5.5%	904,757 4.1%	1,031,980 3.9%	1,404,021 5.1%	1,414,160 4.7%	1,475,486 4.4%

## \*Groups of Countries:

## Groupes de pays:

Asiatic Countries—Pays asiatiques: Hong Kong  
India—Indes  
Japan—Japon  
South Korea—Corée du Sud  
Taiwan

European Countries—Pays européens: United Kingdom—Royaume Uni

France  
West Germany—Allemagne de l'ouest  
Italy—Italie  
Spain—Espagne

Communist Countries—Pays communistes: Communist China—Chine communiste  
Czechoslovakia—Tchécoslovaquie  
Hungary—Hongrie  
Poland—Pologne  
Rumania—Roumanie  
Yugoslavia—Yougoslavie

SOURCE: D.B.S.—B.F.S.—References: Catalogue No. 65-007 D.B.S. Imports by Commodities—B.F.S. Importations par commodités.



TABLEAU VI  
AVERAGE VALUE PER PAIR—FOOTWEAR IMPORTS  
PRIX MOYEN DE LA PAIRE—IMPORTATIONS DE CHAUSSURES

SCHEDULE: VI

	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967
Imports—Total Paireage.....	6,329,503	8,859,417	13,472,805	17,182,485	15,998,340	21,573,278	22,434,270	26,063,588	27,394,056	30,477,918	34,549,739
Imports—Nombre total de paires.....											
Imports—Total Value.....	\$10,455,980	\$13,194,933	\$17,744,670	\$19,368,913	\$18,101,835	\$21,624,087	\$20,240,102	\$24,806,000	\$27,066,580	\$33,615,000	\$41,842,000
Imports—Valeur totale.....											
Imports—Value per Pair.....	\$1.65	\$1.48	\$1.31	\$1.12	\$1.13	\$1.00	\$0.90	\$0.95	\$0.98	\$1.10	\$1.21
Imports—Prix de la paire.....											
<i>Average Value per Pair—by Classes—Footwear Imports</i>											
<i>Men and Boys—Hommes et garçons</i>											
Paireage—Nombre de paires.....	612,802	755,306	976,783	951,744	1,012,544	976,489	814,565	1,260,650	1,538,306	2,082,010	2,099,755
Value—Valeur totale.....	\$3,131,586	\$3,710,927	\$4,620,458	\$4,644,102	\$5,024,107	\$4,618,300	\$3,827,838	\$5,492,000	\$6,130,163	\$8,053,000	\$8,656,000
Average Value—Prix moyen de la paire.....	\$5.11	\$4.91	\$4.73	\$4.87	\$4.96	\$4.72	\$4.69	\$4.35	\$3.98	\$3.90	\$4.12
<i>Women and Girls—Dames et fillettes</i>											
Paireage—Nombre de paires.....	900,964	1,086,530	1,263,529	1,124,500	1,131,287	1,270,599	1,199,086	1,517,554	1,794,499	2,424,376	3,369,097
Value—Valeur totale.....	\$3,675,323	\$4,372,715	\$4,915,177	\$4,577,509	\$4,750,683	\$4,797,738	\$4,124,194	\$5,383,000	\$5,950,163	\$7,095,000	\$11,191,000
Average Value—Prix moyen de la paire.....	\$4.07	\$4.02	\$3.89	\$4.07	\$4.19	\$3.77	\$3.43	\$3.54	\$3.31	\$2.92	\$3.32
<i>Children and Infants—Enfants</i>											
Paireage—Nombre de paires.....	297,785	295,368	364,915	375,848	302,990	215,445	205,028	257,949	333,546	461,635	645,060
Value—Valeur totale.....	\$356,280	\$428,060	\$492,972	\$533,233	\$536,839	\$403,204	\$396,469	\$488,000	\$569,502	\$772,000	\$1,021,000
Average Value—Prix moyen de la paire.....	\$1.19	\$1.44	\$1.35	\$1.41	\$1.77	\$1.87	\$1.93	\$1.89	\$1.70	\$1.67	\$1.58
<i>*Slippers and House Footwear—</i>											
<i>*Pantoufles et chaussures d'intérieur</i>											
Paireage—Nombre de paires.....	—	—	—	—	—	3,733,485	3,683,875	4,861,292	5,210,406	5,591,367	5,762,440
Value—Valeur totale.....	—	—	—	—	—	\$1,914,027	\$1,820,135	\$2,323,000	\$2,434,537	\$2,639,000	\$2,778,000
Average Value—Prix moyen de la paire.....	—	—	—	—	—	\$0.51	\$0.49	\$0.47	\$0.46	\$0.47	\$0.48

Source: D.H.S.—B.F.S.—Source: B.F.S.—D.B.S.  
\*Figures not available from 1957 to 1961 incl.—\*Les chiffres pour les années 1957 à 1961 incluse ne sont pas disponibles.  
References: Catalogue No. 65-007 D.B.S.—Imports by Commodities  
B.F.S.—Imports par commodités.  
Références: N° 65-007, catalogue du B.F.S.—Imports par commodités  
D.B.S.—Imports by Commodities.

REPORT ON FOOTWEAR IMPORTS  
RAPPORT SUR LES IMPORTATIONS DE CHAUSSURES

	8 months to August 1967		8 months to August 1968		
	8 mois, jusqu'à août 1967		8 mois, jusqu'à août 1968		
		Value \$'000		Value \$'000	% Pairs
	Pairs Paires	Valeur (en milliers de dollar)	Pairs Paires	Valeur (en milliers de dollars)	Pourcentage Nombre de paires
79-012—Boots and Shoes—Men's and Boys' Last made.....	1,618,410	6,407	2,034,288	7,308	+26 %
79-012—Bottes et chaussures faites sur forme—Hommes et garçonnets					
79-014—Boots and Shoes—Women's and Girls' last made.....	2,424,264	7,498	4,146,752	11,155	+71 %
79-014—Bottes et chaussures faites sur forme—Dames et fillettes					
79-016—Boots and Shoes—Child and Infants last made.....	410,256	636	771,172	1,066	+88 %
79-016—Bottes et chaussures faites sur forme—Enfants					
79-039—Slippers and House Footwear.....	3,392,958	1,518	4,784,905	1,976	+41 %
79-039—Pantoufles et chaussures d'intérieur					
79-040—Waterproof Rubber Footwear.....	2,863,917	3,704	3,512,198	4,284	+22.6%
79-040—Chaussures imperméables en caoutchouc					
79-043—Waterproof Plastic Footwear.....	117,328	90	197,276	201	+68.4%
79-043—Chaussures imperméables en plastique					
79-046—Utility Footwear Fabric Tops.....	10,088,228	5,711	11,538,371	7,365	+14.4%
79-046—Chaussures de sport ou de travail à empeigne en tissu					
79-049—Rubber and Plastic Footwear NES.....	4,271,327	980	4,025,646	1,098	— 5.7%
79-049—Chaussures NES en caoutchouc ou plastique					
79-099—Footwear NES.....	616,231	1,799	672,245	1,528	+ 9.1%
79-099—Chaussures NES					
TOTAL.....	25,802,919	28,343	31,682,853	35,981	+22.8%

Source: D.B.S. Catalogue No. 65-007.

Source: Catalogue du B.F.S., n° 65-007.

SMAC: November 15, 1968.

SMAC: 15 novembre 1968.



## FASCICULE BILINGUE OFFICIEL

CHAMBRE DES COMMUNES

Première session de la

vingt-huitième législature, 1968-1969

## COMITÉ PERMANENT

DES

## FINANCES, DU COMMERCE

ET DES

## QUESTIONS ÉCONOMIQUES

*Président:* M. Gaston Clermont

## PROCÈS-VERBAUX ET TÉMOIGNAGES

N° 18

RÉUNION DU  
MARDI 21 JANVIER 1969

### Concernant

## Bill S-6, Loi concernant La Compagnie de Trust Canada

Bill S-7, Loi concernant La Corporation  
d'Hypothèque Huron et Érié

## Y inclus cinquième rapport à la Chambre

*Témoins:*

MM. R. Humphrys, surintendant des assurances; E. C. Elwood, c.r., agent parlementaire; J. A. Taylor, président du conseil d'administration et président et E. D. L. Miller, directeur général adjoint—Finances, la Compagnie de Trust Canada et la Corporation d'Hypothèque Huron et Érié.

STANDING COMMITTEE ON  
FINANCE, TRADE  
AND  
ECONOMIC AFFAIRS

Chairman: Mr. Gaston Clermont

Vice-Chairman: Mr. Alastair Gillespie  
and Messrs.

Blair,	Flemming,
Burton,	Gauthier,
Comtois,	Gray,
Danson,	Hales,
Downey,	<sup>1</sup> Harkness,
<sup>2</sup> Émard,	<sup>4</sup> Kaplan,

COMITÉ PERMANENT DE LA  
FINANCE, DU COMMERCE  
ET DES  
QUESTIONS ÉCONOMIQUES

Président: M. Gaston Clermont

Vice-président: M. Alastair Gillespie  
et MM.

Lambert (*Edmonton  
West*),  
Latulippe,  
Portelance,  
Roberts,  
<sup>2</sup> Saltsman,  
Trudel—(20).

*Le secrétaire du comité,*  
Dorothy F. Ballantine,  
*Clerk of the Committee.*

<sup>1</sup> Replaced Mr. Ritchie on December 19, 1968.

<sup>2</sup> Replaced Mr. Gleave on January 17, 1969.

<sup>3</sup> Replaced Mr. Gervais on January 20, 1969.

<sup>4</sup> Replaced Mr. Howard (*Okanagan Boundary*) on January 21, 1969.

<sup>1</sup> Remplace M. Ritchie, le 19 décembre 1968.

<sup>2</sup> Remplace M. Gleave le 17 janvier 1969.

<sup>3</sup> Remplace M. Gervais le 20 janvier 1969.

<sup>4</sup> Remplace M. Howard (*Okanagan Boundary*) le 21 janvier 1969.



## ORDERS OF REFERENCE

TUESDAY, December 10, 1968

*Ordered*,—That Bill S-6, An Act respecting The Canada Trust Company, be referred to the Standing Committee on Finance, Trade and Economic Affairs.

THURSDAY, December 12, 1968.

*Ordered*,—That Bill S-7, An Act respecting The Huron and Erie Mortgage Corporation be referred to the Standing Committee on Finance, Trade and Economic Affairs.

THURSDAY, December 19, 1968.

*Ordered*,—That the name of Mr. Harkness be substituted for that of Mr. Ritchie on the Standing Committee on Finance, Trade and Economic Affairs.

ATTEST:

## ORDRES DE RENVOI

Le MARDI 10 décembre 1968

*Il est ordonné*,—Que le Bill S-6, Loi concernant La Compagnie de Trust Canada, soit déferé au comité permanent des finances, du commerce et des questions économiques.

Le JEUDI 12 décembre 1968

*Il est ordonné*,—Que le Bill S-7, Loi concernant La Corporation d'Hypothèque Huron et Érié soit déferé au comité permanent des finances, du commerce et des questions économiques.

Le JEUDI 19 décembre 1968

*Il est ordonné*,—Que le nom de M. Harkness soit substitué à celui de M. Ritchie sur la liste des membres du comité permanent des finances, du commerce et des questions économiques.

ATTESTÉ:

*Le Greffier de la Chambre des communes*

ALISTAIR FRASER

*The Clerk of the House of Commons*

## REPORT TO THE HOUSE

THURSDAY, January 23, 1969.

The Standing Committee on Finance, Trade and Economic Affairs has the honour to present its

### FIFTH REPORT

Your Committee has considered Bills S-6, An Act respecting The Canada Trust Company and S-7, An Act respecting The Huron and Erie Mortgage Corporation, and has agreed to report them without amendment.

A copy of the Minutes of Proceedings and Evidence relating to these Bills (Issue No. 18) is tabled.

Respectfully submitted,

*Le président,*  
GASTON CLERMONT.  
*Chairman.*

## RAPPORT À LA CHAMBRE

Le JEUDI 23 janvier 1969.

Le Comité permanent des finances, du commerce et des questions économiques a l'honneur de présenter son

### CINQUIÈME RAPPORT

Le Comité a étudié les bills S-6, Loi concernant La Compagnie de Trust Canada et S-7, Loi concernant La Corporation d'Hypothèque Huron et Érié, et est convenu d'en faire rapport sans modification.

Un exemplaire des procès-verbaux et témoignages relatifs à ces bills (*fascicule n° 18*) est déposé.

Respectueusement soumis,



## MINUTES OF PROCEEDINGS

TUESDAY, January 21, 1969.  
(26)

The Standing Committee on Finance, Trade and Economic Affairs met at 11.10 a.m. this day, the Chairman, Mr. Clermont, presiding.

*Members present:* Messrs. Blair, Burton, Clermont, Comtois, Danson, Emard, Flemming, Gauthier, Gillespie, Gray, Portelance, Roberts, Saltsman, Trudel—14.

*Also present:* Mr. Ritchie.

*In attendance:* Messrs. R. Humphrys, Superintendent of Insurance; E. C. Elwood, Q.C., Parliamentary Agent; J. A. Taylor, Chairman of the Board and President and E. D. L. Miller, Assistant General Manager—Finance, The Canada Trust Company and The Huron and Erie Mortgage Corporation.

The Chairman presented the Report of the Sub-Committee on Agenda and Procedure, dated January 20, 1969, which is as follows:

The Sub-Committee on Agenda and Procedure of the Standing Committee on Finance, Trade and Economic Affairs met at 4.10 p.m. this day, with the following members in attendance: Messrs. Clermont (Chairman), Gillespie, Gray, Harkness and Saltsman.

The Sub-Committee noted that four bills have been referred to the Committee:

S-6, An Act respecting The Canada Trust Company,

S-7, An Act respecting The Huron and Erie Mortgage Corporation,

C-138, An Act to Amend the Bretton Woods Agreements Act and the Currency Mint and Exchange Fund Act, and

S-4, An Act respecting the marking of articles containing precious metals.

## PROCÈS-VERBAL

Le MARDI 21 janvier 1969  
(26)

Le Comité permanent des Finances, du commerce et des questions économiques se réunit ce matin à 11 heures 10, sous la présidence de M. Clermont, président.

*Présents:* MM. Blair, Burton, Clermont, Comtois, Dawson, Emard, Flemming, Gauthier, Gillespie, Gray, Portelance, Roberts, Saltsman, Trudel—14.

*De même que:* M. Ritchie.

*Aussi présents:* MM. R. Humphrys, surintendant des assurances; E. C. Elwood, c.r., agent parlementaire; J. A. Taylor, président du conseil d'administration et président et E. D. L. Miller, directeur général adjoint—Finances, la Compagnie de Trust Canada et la Corporation d'hypothèque Huron et Erié.

Le président donne lecture du rapport du sous-comité du programme et de la procédure daté du 20 janvier 1969 qui se lit comme suit:

Le sous-comité du programme et de la procédure du Comité permanent des Finances, du commerce et des questions économiques se réunit aujourd'hui à 4 heures 10 de l'après-midi, avec la participation suivante: MM. Clermont (président), Gillespie, Gray, Harkness et Saltsman.

Le sous-comité fait remarquer que quatre projets de loi ont été renvoyés au Comité:

S-6 Loi concernant la Compagnie de Trust Canada,

S-7 Loi concernant la Corporation d'hypothèque Huron et Erié,

C-138 Loi modifiant la Loi sur les accords de Bretton Woods et la Loi sur la monnaie, l'Hôtel des monnaies et le fonds des changes, et

S-4 Loi concernant le poinçonnage des articles contenant des métaux précieux.

Your Sub-Committee has agreed to recommend as follows:

(a) That the Committee consider Bills S-6 and S-7 on Tuesday, January 21, 1969 at 11.00 a.m.;

(b) That consideration of Bill C-138 be commenced at 3.30 p.m., Tuesday, January 21, 1969;

(c) That in studying Bill C-138, the Committee will proceed in three stages:

(1) Explanation and clarification of the legislation by government officials;

(2) Submissions by associations and individual members of the public who have indicated they intend to submit briefs;

(3) Detailed examination of the legislation by the Committee and general debate.

(d) That the Chairman issue a press release concerning the commencement of hearings on Bill C-138 stating that individuals or organizations interested in submitting briefs should advise the Committee of their intentions as soon as possible;

(e) That the procedure in dealing with briefs submitted by the public re Bill C-138, be similar to the handling of briefs submitted on the White Paper on Anti-Dumping (*See page 2-6, Issue No. 2 of October 24, 1968*);

(f) That the Chairman be authorized to call Bill S-4, whenever it appears that time is available for its study.

The Committee then proceeded to consideration of Bill S-6, An Act respecting The Canada Trust Company and at the suggestion of the Sponsor of the Bills, Mr. Blair, Bill S-7, An Act respecting The Huron and Erie Mortgage Corporation was also considered.

#### *On clause 1*

Mr. Blair, the Sponsor of the two bills, introduced the Parliamentary Agent, Mr. Elwood, who in turn introduced the witnesses.

At the request of the Chairman, Mr. Taylor made a brief statement on the background of the two companies.

Votre sous-comité a décidé de formuler les recommandations suivantes:

a) que le Comité étudie les bills S-6 et S-7, le mardi 21 janvier 1969 à 11 heures du matin;

b) que l'étude du bill C-138 soit abordée à 3 heures 30 de l'après-midi, le mardi 21 janvier 1969;

c) que le Comité procède à l'étude du bill C-138 en trois étapes:

(1) Explication du texte législatif par les fonctionnaires du gouvernement;

(2) Présentation de mémoires par les associations et par les particuliers qui en auront exprimé l'intention;

(3) Étude circonstanciée du texte législatif par le Comité et débat généralisé.

d) que le président fasse publier un communiqué de presse sur le début des audiences relatives au bill C-138, en précisant que les particuliers ou les organisations désireux de présenter des mémoires doivent faire part de leur intention au Comité dans les plus brefs délais;

e) que la procédure d'étude des mémoires présentés par le public sur le bill C-138 soit semblable à celle des mémoires relatifs au Livre blanc sur l'antidumping (*voir pages 2-6, fascicule n° 2 du 24 octobre 1968*);

f) que le président soit autorisé à commencer l'étude du bill S-4 au moment qui paraîtra opportun.

Le Comité procède ensuite à l'étude du bill S-6, Loi concernant la Compagnie de Trust Canada ainsi que, sur proposition du parrain des projets de loi, M. Blair, à celle du bill S-7, Loi concernant la Corporation d'hypothèque Huron et Erié.

#### *Article 1*

M. Blair, parrain des deux projets de loi, présente l'agent parlementaire, M. Elwood, qui présente à son tour les témoins.

Sur la demande du président, M. Taylor fait un bref historique des deux compagnies.



Mr. Humphrys stated that his Department believes that the amendments requested are justified.

Messrs. Taylor, Miller and Humphrys answered questions directed to them by the Committee.

Regarding Bill S-6, clause 1, the preamble, the title and the bill were carried, on division.

*Ordered*,—That the Chairman report the bill to the House without amendment.

On Bill S-7, clause 1, the preamble, the title and the bill were carried, on division.

*Ordered*,—That the Chairman report the bill to the House without amendment.

The Chairman thanked the witnesses who then withdrew.

The Committee then proceeded to consideration of Bill C-138, An Act to amend the Bretton Woods Agreements Act and the Currency, Mint and Exchange Fund Act. (*See Issue No. 19*).

At 12.20 p.m. the Committee adjourned to 3.30 p.m. this day.

M. Humphrys déclare que, selon son ministère, les amendements sollicités sont justifiés.

MM. Taylor, Miller et Humphrys répondent aux questions qui leur sont posées par le Comité.

En ce qui concerne le bill S-6, l'article 1, le préambule, le titre et le projet de loi lui-même sont adoptés à la majorité.

*Il est ordonné*, que le président fasse rapport du bill S-6 à la Chambre sans amendement.

En ce qui concerne le bill S-7, l'article 1, le préambule, le titre et le projet de loi lui-même sont adoptés sur division.

*Il est ordonné*, que le président fasse rapport du bill S-7 à la Chambre sans amendement.

Le président remercie les témoins, qui se retirent.

Le Comité procède ensuite à l'étude du bill C-138, loi modifiant la Loi sur les accords de Bretton Woods et la Loi sur la monnaie, l'Hôtel des monnaies et le fonds des changes. (*voir fascicule n° 19*)

A 12 hres 20, la séance est levée, jusqu'à 3 hres 30 le même jour.

*La secrétaire du Comité,*  
Dorothy F. Ballantine.  
*Clerk of the Committee.*





[Text]

## EVIDENCE

(Recorded by Electronic Apparatus)

Tuesday, January 21, 1969.

• 1107

**The Chairman:** Gentlemen, I see a quorum.

**Mr. Émard:** Of Liberal members.

**The Chairman:** No, Mr. Émard, I said that I saw a quorum.

Gentlemen, your Subcommittee on Agenda and Procedure of the Standing Committee on Finance, Trade and Economic Affairs met at 4.30 p.m. yesterday with the following members in attendance: Messrs. Gillespie, Gray, Harkness, Saltsman and your Chairman.

I will ask the Clerk to read the Report of the meeting.

(See Minutes of Proceedings)

Is it agreed that the report of the Subcommittee as read be adopted?

**Some hon. Members:** Agreed.

**The Chairman:** Gentlemen, we have two bills before us this morning: Bill No. S-6, An Act respecting The Canada Trust Company and Bill No. S-7, An Act respecting The Huron and Erie Mortgage Corporation. As the two Bills are related, I would suggest that your comments be applicable to both. Is that agreeable?

**Some hon. Members:** Agreed.

**The Chairman:** I understand Mr. Blair will make a statement and then introduce the people with him.

**Mr. Blair:** Mr. Chairman and gentlemen, the Parliamentary Agent is Mr. E. C. Elwood, Q.C., of London, Ontario. I understand Mr. Humphrys will speak first?

**The Chairman:** No, afterwards.

**Mr. Blair:** Then I will ask Mr. Elwood to introduce the gentlemen with him who will make the presentation.

• 1115

**Mr. Edward C. Elwood (Q.C. of Messrs. Harrison, Elwood, Gregory, Littlejohn and Fleming, London, Ontario):** Mr. Chairman

[Interpretation]

**Le président:** Il y a quorum.

**M. Émard:** De députés libéraux.

**Le président:** Non, monsieur Émard, j'ai dit qu'il y a quorum.

Messieurs, le sous-comité de l'ordre du jour et de la procédure du Comité permanent des finances, du commerce et des questions économiques s'est réuni à 4.30 p.m. hier avec les membres suivants: M. Gillespie, M. Gray, M. Harkness, M. Saltsman et votre président.

Je demanderais au secrétaire de lire le rapport de cette réunion. (Voir procès-verbal).

Le rapport est-il adopté tel que lu?

**Des voix:** Adopté.

**Le président:** Nous avons au Comité ce matin, messieurs, deux bills: le bill S-6, loi concernant La Compagnie de Trust Canada; et le bill S-7, loi concernant La Société d'Hypothèque Huron et Érié. Comme les deux bills sont des bills qui sont très proches l'un de l'autre, messieurs, je vous propose de discuter les deux bills en même temps. Êtes-vous d'accord, messieurs?

**Des voix:** D'accord.

**Le président:** Je crois comprendre que M. Blair fera une déclaration et qu'il nous présentera ensuite ceux qui l'accompagnent.

**M. Blair:** Monsieur le président et messieurs, l'agent parlementaire est M. E. G. Elwood, C. R. de London, Ontario. Je crois que M. Humphrys parlera le premier.

**Le président:** Non, après.

**M. Blair:** J'invite donc M. Elwood à nous présenter ceux qui l'accompagnent.

**M. Elwood, C. R. (de la firme de Messrs. Harrison, Elwood, Gregory, Littlejohn et Fleming, London, Ontario):** Monsieur le président,

[Text]

and gentlemen, I would like to introduce Mr. J. A. Taylor who is Chairman and President of the Canada Trust Company and The Huron and Erie Mortgage Corporation and Mr. E. D. L. Miller who is Assistant General Manager of Finance of both companies.

With your permission, Mr. Chairman, I would suggest and ask that Mr. Taylor be permitted to speak on this matter.

**The Chairman:** Yes, if you please Mr. Taylor.

**Mr. J. A. Taylor (Chairman of the Board and President of the Canada Trust Company and The Huron and Erie Mortgage Corporation):** Mr. Chairman and gentlemen, may I ask the manner in which you would like me to speak on this? Would you like me to give a brief background of the two companies, sir?

**The Chairman:** Yes, sir.

**Mr. Taylor:** The two companies, if I may put it this way, are regarded by us as being one in everything but name. We have the same officers, the same management and the same basic policies.

The Huron and Erie Mortgage Corporation was founded in 1864 in London, Ontario, for the purpose of bringing moneys out from the old country and lending them to settlers who were establishing themselves in the rural areas of Southwestern Ontario.

At the turn of the century, in 1899, with the growth of inquiry for trust services, the Huron and Erie not being able to conduct trust services itself under its charter bought a trust company charter—the Canada Trust Company—and the two companies have functioned, as I said, virtually as one ever since with the Canada Trust Company as a wholly-owned subsidiary of the Huron and Erie.

Over the years the companies have opened branch offices commencing in 1910 with a first office in St. Thomas, in 1911 with an office in Regina and then over the years an extension of a branch office system that today runs from Vancouver Island to Halifax.

Over the years the companies have grown by the acquisition of regional companies. This commenced, indeed, in the first year in which the Huron and Erie did business in 1864. In the first year the minutes show that a small company was merged with the Huron and Erie and this pattern of growth has taken place over the years.

[Interpretation]

messieurs, je voudrais présenter M. J. A. Taylor, président de Canada Trust Company et The Huron and Erie Mortgage Corporation et M. E. D. L. Miller qui est sous-directeur général des finances des deux sociétés.

Avec votre permission, monsieur le président, je proposerais et demanderais que M. Taylor puisse maintenant traiter de cette question.

**Le président:** S'il vous plaît, monsieur Taylor.

**M. Taylor (Président du Conseil et président de Canada Trust Company et The Huron and Erie Mortgage Corporation):** Monsieur le président, messieurs, puis-je savoir comment vous aimeriez que je procède? Est-ce que vous voulez que je vous donne une idée des antécédents des deux sociétés?

**Le président:** Oui, monsieur.

**M. Taylor:** Les deux sociétés n'en sont de fait qu'une seule. Les noms sont différents. Nous avons la même direction, les mêmes cadres, la même politique de base. La première a été fondée en 1864 à London, Ontario, pour prêter de l'argent aux colons qui s'installaient dans les régions rurales du sud-ouest de l'Ontario.

A la fin du siècle, en 1899, les demandes étaient nombreuses qui étaient adressées aux sociétés de trust et, comme la Société Huron et Erié ne pouvait se lancer sur ce marché à cause de sa charte, elle a acheté une compagnie de trust, la Compagnie de Trust du Canada, et depuis ce moment-là, ces deux sociétés fonctionnent comme une seule. En fait, la Compagnie du Trust du Canada est une compagnie dont la Société d'Hypothèque Huron et Erié est entièrement propriétaire.

En 1910, le premier bureau a été ouvert à St-Thomas et en 1911, un bureau a été ouvert à Regina. Puis au cours des années, il y a eu des succursales qui se sont ouvertes de l'île de Vancouver jusqu'à Halifax.

Pendant toutes ces années, ces deux compagnies ont grandi en achetant des compagnies régionales. Cette façon d'agir existe depuis 1864, la première année d'existence de la Huron and Erie. Cette dernière et une petite compagnie se sont d'abord fusionnées; la même méthode a été utilisée par la suite. Depuis la guerre, il y a eu de nombreuses



*[Texte]*

Since the war we have had several such mergers. In 1947, The London & Western Trust Company Limited; in 1949 and 1950, The Guelph Trust Company and then in 1960 and 1962, two companies—one in Alberta and one in Saskatchewan. Last summer we made offers to the shareholders of two regional companies in Southwestern Ontario where our business continues to have its principal base. The one, The Waterloo Trust & Savings Company with its head office in Kitchener/Waterloo and with 12 branch offices in the Kitchener/Waterloo area and the second, the Halton & Peel Trust & Savings Company, a company with its head office in Oakville and with nine branch offices in the principal centres in the area between Toronto and Burlington.

The request that we are making, sir, is for an increase in our authorized capital in each company in order to allow for continuing growth. There has been no increase in the authorized capital of either company for many years. The last increase in authorized capital of the Canada Trust Company was, indeed, in 1899. The last increase in the authorized capital of the Huron and Erie was in 1919.

I do not know, sir, how far you wish me to go beyond this. I can become a bore in talking about the companies and I do not want to do that.

**The Chairman:** That is sufficient, Mr. Taylor. No doubt if members need more information they will direct questions to you or to the other members of your party.

**Mr. Blair:** Mr. Chairman, I might ask one question of Mr. Taylor which will explain the general basis of operation of his companies. Is it not a fact, Mr. Taylor, that in order to expand your borrowing power so that you will have more money to lend on mortgages, you have to expand your equity? What is the ratio of borrowings to equity?

• 1120

**Mr. Taylor:** The policy we follow, sir, is one of investing the deposits and the debenture and trust certificate money that comes to us from the public primarily in mortgages. The policy we follow, indeed, is to have 88 per cent of the deposits, savings and term moneys that come to us invested in mortgages. The balance is invested in short term Canada Bonds for liquidity purposes. Then the shareholder equity—the capital in reserve—is invested partly in Canada Bonds, partly in

*[Interprétation]*

fusions de ce genre: en 1947, avec la London and Western Trust Company Limited et en 1949 et 1950, avec la Guelph Trust Company. Et puis, en 1960 et en 1962, avec deux autres compagnies, une en Alberta et l'autre en Saskatchewan.

L'été dernier nous avons soumis des offres aux actionnaires de deux compagnies régionales du sud-ouest de l'Ontario, région où notre entreprise est principalement installée. L'une, la Waterloo Trust and Savings Company, dont le siège social est à Kitchener-Waterloo, compte 12 succursales dans cette même région. L'autre, la Halton and Peel Trust and Savings Company, dont le siège social est à Oakville et qui compte 9 succursales dans les principaux centres entre Toronto et Burlington.

La demande que nous faisons en est une d'augmentation de notre capital autorisé dans chaque société afin d'assurer la poursuite de leur croissance. Il y a bien longtemps que nous n'avons pas été autorisés à augmenter notre capital social. La dernière augmentation du capital de la Compagnie Trust du Canada remonte à 1899, et celle de la Huron et Erié à 1918. Jusqu'où voulez-vous que j'aille, monsieur le président? Je peux vous parler de la compagnie jusqu'au moment où vous en aurez vraiment assez.

**Le président:** Il est certain, monsieur Taylor, que si les députés ont besoin de plus de renseignements, ils vous poseront des questions, ou ils poseront des questions à des membres de votre groupe.

**M. Blair:** Je voudrais poser une question à M. Taylor, monsieur le président, qui expliquera la base générale de fonctionnement de cette société. N'est-il pas exact, monsieur Taylor, qu'afin de développer vos possibilités d'emprunt, de façon à disposer davantage d'argent, que vous prêtez ensuite sur hypothèque, vous devez augmenter l'équité de votre compagnie? Quelle est la proportion des emprunts par rapport à l'équité?

**M. Taylor:** La politique que nous avons eue, monsieur, est une politique d'investissements des sommes d'argent que le public nous rembourse sur leurs hypothèques. Notre politique consiste à investir dans les hypothèques 88 pour 100 des sommes perçues. Le reste est investi dans des obligations à court terme du gouvernement Canadien. Le capital en réserve, lui, est investi, dans des obligations du Canada, des actions et des bureaux. Mais le travail essentiel des sociétés consiste à

[Text]

stocks, partly in office premises but the primary business of the companies is the borrowing and lending of money, and the lending is primarily by way of mortgages.

Of the 88.5 per cent of the borrowings—when I use the term “borrowings”, sir, I am referring to demand deposits and debentures—it might be of interest to you that as of the end of the year our mortgage portfolio comprised 86 per cent of it—loans on single family and multiple family dwellings. Only 14 per cent was on other than housing loans. One of the reasons that The Waterloo Trust & Savings Company was of particular interest to us was because they had a much smaller percentage of their assets invested in mortgages and we were able, as a result of the merging of their company with ours, to increase substantially the amount of money available for mortgage lending, primarily, as I said on housing.

Of the 86 per cent that goes out on housing, the larger percentage is on single family dwellings, but there is a sizeable portion of it on multiple family dwellings as well. Does that answer your question, Mr. Blair?

**The Chairman:** Thank you Mr. Taylor and Mr. Blair.

Gentlemen, before I accept any more questions, we also have as a witness before this Committee Mr. R. Humphrys, Superintendent of Insurance. Mr. Humphrys, I am sure you have looked at Bills S-6 and S-7. Would you care to make any comments to the members of this Committee on these two Bills?

**Mr. R. Humphrys (Superintendent of Insurance):** Yes, Mr. Chairman. The amendments sought in these Bills have been discussed by company officials with the Department and we believe the requests that the companies are making for amendments to their acts are thoroughly justified.

The general acts under which these companies operate impose a limit on the volume of funds that they can accept from the public in the form of deposits or in the form of proceeds from the sale of debentures or guaranteed investment certificates. The limit is a multiple of the capital and surplus of the companies and as a consequence, as the companies grow in size, they must increase their capital and surplus in order to provide an adequate safety margin for the public.

[Interpretation]

emprunter et à prêter de l'argent. Les prêts se font surtout sur hypothèque.

Des 8.5 p. 100 qui proviennent d'emprunts—quand je dis «emprunts», je veux surtout parler des dépôts à vue et des débentures—vous serez peut-être intéressés de savoir qu'à la fin de l'année 86 p. 100 était investi dans notre portefeuille d'hypothèques—consistant de prêts pour des maisons unifamiliales ou multifamiliales. Seul 14 p. 100 du montant global des prêts était à d'autres fins que des logements. L'une des raisons pour lesquelles la *Waterloo Trust and Savings Company* nous intéressait tout particulièrement c'était qu'une proportion beaucoup plus faible de leur actif est investie en hypothèques. En conséquence, en fusionnant cette société avec la nôtre, nous avons pu augmenter considérablement les sommes disponibles pour des prêts sur hypothèque, essentiellement, je l'ai dit, pour des maisons domiciliaires.

La majeure partie des 86 p. 100 prêtés pour des logements est consacrée à des maisons unifamiliales, mais une bonne part va aussi vers des maisons multifamiliales. Est-ce que cela répond à votre question, monsieur Blair?

**Le président:** Merci, monsieur Taylor, merci, monsieur Blair.

Messieurs, avant qu'il n'y ait d'autres questions, nous avons aussi comme témoin au Comité M. R. Humphrys, surintendant des assurances. Monsieur Humphrys, je suis certain que vous avez examiné les Bills S-6 et S-7. Auriez-vous des observations à faire aux membres du Comité au sujet de ces deux bills?

**M. R. Humphrys (surintendant des assurances):** Oui, monsieur le président. Des représentants des sociétés se sont entretenus avec le Ministère des modifications proposées dans ces Bills, et nous pensons que les modifications que ces sociétés demandent que l'on apporte aux lois qui les concernent sont entièrement justifiées.

Les lois générales qui régissent le fonctionnement de ces sociétés limitent les fonds qu'elles peuvent recevoir du public sous forme de dépôts ou sous forme de recettes provenant de la vente de débentures ou de certificats garantis de placement. Cette limite est un multiple du capital et des excédents des sociétés. En conséquence, à mesure que la société prend de l'expansion, elle doit augmenter son capital et son excédent afin d'avoir toujours une marge de sécurité suffisante pour protéger le public.



## [Texte]

The growth of these companies is such that they have used up their existing authorized capital and they are now seeking amendments to their charters to increase the authorized capital to enable them to seek more equity capital by the sale of shares in order to maintain an adequate safety margin for the protection of the depositors, the debenture holders and the holders of guaranteed investment certificates.

Mr. Chairman, these two companies—their history has been outlined by Mr. Taylor—are among our largest and best-established mortgage loan companies and trust companies. Thank you, Mr. Chairman.

**The Chairman:** Thank you, Mr. Humphrys. Gentlemen, I now will receive your questions which can be directed either to Mr. Humphrys or to the representatives of both companies.

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**Le président:** Monsieur Portelance.

**M. Portelance:** Monsieur le président, M. Blair, je crois, a posé une question tout à l'heure, savoir: à quel taux prêtait la société en question pour l'habitation ou les logis à prix modiques? Quelqu'un pourrait-il répondre?

**Le président:** Le pourcentage...

**M. Portelance:** D'intérêt?

**Le président:** Quel taux d'intérêt?

**M. Portelance:** A quel taux d'intérêt?

**Mr. Taylor:** Our prime rate at the present time, I am sorry to say, sir, is  $9\frac{1}{2}$  per cent. I say that because high interest rates present just as much of a problem to us as they do to the rest of the country. We simply operate on a spread between the rate that we pay on demand and term money and the rate at which we lend. We are lending as I said today at  $9\frac{1}{2}$  per cent.

The other side of the coin is that we are borrowing at the highest rate we have ever paid for money. We are paying  $7\frac{3}{4}$  per cent on five-year debentures. That is a spread of  $1\frac{3}{4}$  per cent and in our costing  $1\frac{3}{4}$  per cent is virtually a break even point. We are making about 25 cents on a \$100 debenture today on the mix because we are paying  $7\frac{1}{4}$ ,  $7\frac{1}{2}$  and  $7\frac{3}{4}$  per cent depending on the maturity, whether it is one year, two, three, four or five. The spread is extremely narrow and we are feeling the effects of the high

## [Interprétation]

L'expansion de ces sociétés est telle qu'elles ont déjà engagé tout leur capital autorisé, et elles cherchent maintenant à obtenir une modification de leur charte qui augmenterait leur capital autorisé pour leur permettre d'accroître leur capital social par la vente d'actions, afin de conserver une marge de sécurité suffisante pour protéger les déposants et les détenteurs de débentures et de certificats garantis de placement.

Monsieur le président, ces deux sociétés, dont M. Taylor nous a donné brièvement l'historique, comptent parmi nos sociétés de prêts hypothécaires et de fiducie les plus importantes et les mieux établies.

**Le président:** Merci, monsieur Humphrys. Messieurs, vous pouvez maintenant poser des questions à M. Humphrys ou aux représentants des deux sociétés.

**The Chairman:** All right, Mr. Portelance.

**Mr. Portelance:** Mr. Chairman, the question asked by Mr. Blair a while ago was: "What interest rate did the company concerned charge on loans for dwellings or low-cost housing?" Could somebody answer that question?

**The Chairman:** The percentage...

**Mr. Portelance:** The interest rate?

**The Chairman:** What interest rate?

**Mr. Portelance:** At what interest rate?

**M. Taylor:** Notre taux d'intérêt actuel, monsieur, est, malheureusement, de  $9\frac{1}{2}$  p. 100. Je dis «malheureusement», car les taux d'intérêt élevés sont un problème aussi grave pour nous que pour le reste du pays. Nous ne bénéficions que de la différence entre le taux d'intérêt que nous payons sur nos emprunts à vue ou à terme et le taux auquel nous prêtons. A l'heure actuelle, je l'ai dit, nous prêtons à un taux d'intérêt de  $9\frac{1}{2}$  p. 100.

Le revers de la médaille, c'est que nous empruntons au taux d'intérêt le plus élevé que nous ayons jamais eu à payer. Nous payons  $7\frac{3}{4}$  p. 100 d'intérêt sur les débentures de cinq ans. Cela nous laisse une marge de  $1\frac{3}{4}$  p. 100 et, étant donné nos frais, il ne nous reste pour ainsi dire aucun bénéfice. L'un dans l'autre, nous avons actuellement un bénéfice d'environ 25 cents sur une débenture de 100 dollars, car nous avons nous-mêmes à payer  $7\frac{1}{4}$ ,  $7\frac{1}{2}$  ou  $7\frac{3}{4}$  p. 100 d'intérêt, selon que le délai d'échéance est d'un an, de deux, de trois, de quatre ou de cinq. La marge est très

[Text]

interest rates just as virtually every phase of the country is feeling them.

**Le président:** Monsieur Portelance, d'autres questions?

**M. Portelance:** Non, pas maintenant.

**Le président:** Monsieur Émard.

**M. Émard:** Monsieur Taylor, croyez-vous que le présent taux d'intérêt de 9½ et de 9¾ p. 100 de la Société centrale d'hypothèques et de logement soit responsable du ralentissement de la construction d'habitations unifamiliales?

**Mr. Taylor:** I did not hear all of your question, sir, I only heard half of it.

**Mr. Émard:** Perhaps I can say it in English.

**Mr. Taylor:** I am sorry. I was attempting to follow it in French.

**Mr. Émard:** Do you believe that the present high rate of interest is responsible for the "le fléchissement"—the decrease—

**Mr. Gray:** The downward curve.

**Mr. Émard:**—the downward trend in the building of "unifamiliale"—single dwelling housing units in particular?

**Mr. Taylor:** Yes. I am surprised that there has not been more resistance to the high rates than has been seen in recent months. We still find the demand for money at 9½ per cent is beyond our ability to meet. The demands for capital for both productive and non-productive purposes in the country are just beyond the ability of the country to supply today and this is seen in the mortgage sector where there is a very, very strong demand even at 9½ per cent.

**Mr. Émard:** I do not know very much about finance, but you mentioned earlier that your companies have merged with other companies or other companies have merged with your companies. Could you explain to me why the two companies under discussion here today have not merged with each other especially since you have the same officers and so on?

**Mr. Taylor:** That is a most natural question, sir, and one that we have considered many times. The reason is basically because we have two names that are extremely valuable to us. The Huron and Erie Mortgage Cor-

[Interpretation]

très étroite, et nous ressentons autant que tous les Canadiens les effets des taux d'intérêt élevés.

**The Chairman:** Do you have other questions, Mr. Portelance?

**Mr. Portelance:** No, not right now.

**The Chairman:** Mr. Émard?

**Mr. Émard:** Mr. Taylor, do you believe that the present interest rate of 9½% and 9¾% charged by the Central Mortgage and Housing Corporation is responsible for a decrease in the construction of single family housing units?

**M. Taylor:** J'ai seulement saisi la moitié de votre question, monsieur.

**M. Émard:** Je pourrais peut-être la poser en anglais.

**M. Taylor:** Excusez-moi. J'essayais de suivre en français.

**M. Émard:** Pensez-vous que le taux d'intérêt élevé actuel est responsable du «fléchissement»—de la baisse...

**M. Gray:** De la diminution.

**M. Émard:** ... De la diminution du nombre des constructions—en particulier dans le cas des maisons unifamiliales?

**M. Taylor:** Oui. Je suis surpris qu'on ne se soit pas élevé davantage, ces derniers mois, contre ces taux élevés. Nous trouvons encore que la demande pour de l'argent à 9½ p. 100 d'intérêt est telle que nous ne pouvons y satisfaire. La demande dans le pays de capitaux à des fins productives ou non productives dépasse de beaucoup l'offre, aujourd'hui, et l'on s'en rend compte dans le secteur des prêts hypothécaires, où il y a une très forte demande, même à 9½ p. 100 d'intérêt.

**M. Émard:** Je ne m'y connais pas beaucoup en matière de finances, mais vous avez dit plus tôt qu'il y avait eu fusionnement entre vos sociétés et d'autres. Pourriez-vous m'expliquer pourquoi les sociétés aujourd'hui à l'étude n'ont pas fusionné, d'autant plus que vous avez les mêmes cadres, etc...?

**M. Taylor:** C'est une question très naturelle, monsieur, et que nous avons envisagée à plusieurs reprises. La raison essentielle en est que nous avons deux noms qui ont pour nous une très grande valeur. La «Huron and



## [Texte]

poration is almost a household name in Southwestern Ontario where it has been in business for over 100 years and to lose that name would have a serious effect on the literally hundreds of thousands of savings accounts and debenture customers we have.

On the other hand, The Canada Trust Company name is obviously a name with a national connotation. As our business has spread—we have a large portion of our business in Western Canada today, perhaps 33 per cent of our entire business is west of the head of the Lakes—The Canada Trust Company name has much more significance. We have a very large mortgage business in the Province of Quebec. The Canada Trust name is obviously of much greater significance to us there and similarly in the Maritimes. To merge the companies would be to lose one or the other of those names. That is the basic reason.

I think the other reason is because it is difficult to unscramble an egg, if I may put it that way. The two companies have operated separately, though as I said, as one as far as management is concerned and one as far as policy is concerned for virtually 68 years. It is a very satisfactory arrangement.

**Mr. Gillespie:** Mr. Humphrys referred to a multiple of equity in relation to borrowing power. Could he tell us what that multiple is?

**Mr. Humphrys:** The multiple for trust companies is  $12\frac{1}{2}$  times the capital and surplus, but it may be increased to 15 times subject to approval by the Treasury Board. For mortgage loan companies the limit stated in the law is four times, but this may be also increased 15 times subject to application by the company and approval by the Treasury Board. Both of these companies had their ratio approved at 15 times which is the maximum permissible under the law.

**Mr. Gillespie:** The next question in this area, Mr. Chairman, deals with the comment which I believe Mr. Taylor made when he mentioned that there had been a number of mergers. Guelph Trust Company was one you mentioned, I think. Were these mergers in the sense that there was a share exchange involved?

**Mr. Taylor:** No, sir. The first share exchange that we have made to my knowledge was in this last year. Certainly in my time which goes back over a period of 33

## [Interprétation]

*Erie Mortgage Corporation* est un nom très familier dans le sud-ouest de l'Ontario, où cette société fait des affaires depuis plus de 100 ans. Si nous perdions ce nom, cela aurait des répercussions graves pour les centaines de milliers de comptes d'épargne et de débetures que nous avons chez nous.

D'autre part, la «*Canada Trust Company*» est un nom qui a de toute évidence une connotation nationale. Avec l'expansion de notre activité—nous traitons de plus en plus dans l'Ouest du Canada, aujourd'hui, et 33 p. 100 peut-être de nos affaires se font à l'ouest de la tête des Lacs—le nom «*Canada Trust Company*» a pris de plus en plus d'importance. Nous faisons énormément de prêts hypothécaires dans le Québec, et le nom «*Canada Trust*» est évidemment beaucoup plus important pour nous là-bas, ainsi que dans les Maritimes. Si nous fusionnions les deux sociétés, nous perdriions l'un de ces deux noms. C'est là la raison essentielle.

L'autre raison, c'est qu'il est difficile de débrouiller les choses, si vous me permettez l'expression. Depuis 68 ans, ces deux sociétés fonctionnent séparément, bien que, je l'ai dit, elles aient les mêmes cadres et suivent la même politique. Cette méthode est d'ailleurs très satisfaisante.

**M. Gillespie:** M. Humphrys a parlé d'un multiple du capital social, dans le contexte des possibilités d'emprunt. Pourrait-il nous dire quel est le multiple en question?

**M. Humphrys:** Le multiple, dans le cas des sociétés de fiducie, est de  $12\frac{1}{2}$  fois le montant global du capital et des excédents, mais il peut être augmenté jusqu'à 15 fois, à condition que le Conseil du Trésor donne son approbation. Dans le cas des sociétés de prêts hypothécaires, la limite fixée par la loi est de quatre fois, mais elle peut aussi être augmentée à 15 fois, à condition que la société en fasse la demande et que le Conseil du Trésor approuve cette demande. Les deux sociétés ont un taux de quinze fois le montant, ce qui est le plafond autorisé par la Loi.

**M. Gillespie:** Ma question, monsieur le président, se rapporte à ce qu'a dit M. Taylor au sujet des fusions, par exemple, de la «*Guelph Trust Company*». Est-ce qu'elles comportaient des échanges d'action?

**M. Taylor:** A ma connaissance, je fais partie de la Société depuis trente-trois ans; il y avait peut-être des offres d'actions avant, mais il n'y en a pas eu pendant cette période

[Text]

years there was none until last year. There may have been a share offering prior to that, but I am not aware of it. In the case of both the Waterloo Trust and the Halton and Peel, our offering was partially by way of shares and partially by way of cash.

**Mr. Gillespie:** I see. So, in a sense really the Guelph Trust Company was more of an outright purchase rather than a merger.

**Mr. Taylor:** Yes, that is right, but in our philosophy we have treated any acquisition as a merger because of the importance of extending staff benefits to all employees joining us and who are attempting to integrate in the fullest sense of the word. So we talk in terms of a merger because indeed we try to apply that philosophy to it. However, the mergers that I referred to over the years have all been acquisitions either by cash or by the offering of shares as applied in the last two cases.

**Mr. Gillespie:** Referring to the last two cases, was your offer completely taken up?

**Mr. Taylor:** In the case of the Waterloo Trust the offer was accepted literally 100 per cent which was a surprise to us and, I think, a most unusual thing in the market-place today. In the case of the offer to the shareholders of the Halton and Peel it has been accepted by all but three shareholders.

**Mr. Gillespie:** I see. Thank you, sir.

**The Chairman:** Are there any other questions, gentlemen?

**Mr. Saltsman:** Mr. Chairman, I would like to direct a question to Mr. Taylor because of the concern he has expressed about the high interest rates. If my memory serves me correctly, when the Bank Act was being revised the trust companies expressed some unhappiness with the revisions and I think they pointed out at that time that it might lead to higher interest rates if the ceiling was taken off. I would like to ask you, Mr. Taylor, if in the light of experience you think that taking off the interest rate ceiling in the last Bank Act revision had an effect on raising interest rates in Canada?

**Mr. Taylor:** No, sir. Much as I might like to answer the question in another way because we feel the full impact of the competition with the banks I must say that I do not think that the lifting of the interest ceiling has had any effect on the increase in interest rates.

I think that the high interest rates that we are experiencing in Canada today are due to two things.

[Interpretation]

jusqu'à l'année dernière. Dans les cas de Halton and Peel et de Waterloo Trust, nous avons procédé par des transferts de capitaux et des transferts d'actions.

**M. Gillespie:** Autrement dit la Guelph Trust Company faisait plutôt l'objet d'un achat qu'autre chose.

**M. Taylor:** Oui, mais notre philosophie est la suivante. Nous considérons ces deux acquisitions comme une fusion en raison de l'importance d'accorder toutes les prestations personnelles au personnel que nous englobons. Nous parlons donc de fusion car nous essayons d'appliquer cette philosophie mais en fait, les fusions dont j'ai parlé ont été le fruit d'acquisitions soit en argent liquide, soit en offrant des actions.

**M. Gillespie:** Et dans les deux derniers cas, est-ce que l'offre a été acceptée?

**M. Taylor:** Elle a été acceptée littéralement à 100 p. 100, ce qui nous a étonnés. C'est une chose assez rare. Quant aux actionnaires de Halton and Peel, ils ont tous accepté sauf trois.

**M. Gillespie:** Merci.

**Le président:** Avez-vous d'autres questions?

**M. Saltsman:** Monsieur le président, je voudrais poser une question à M. Taylor car il semble se préoccuper beaucoup du taux élevé de l'intérêt. Sauf erreur, lorsque la Loi sur les banques a été révisée, les compagnies de fiducie se sont montrées mécontentes de cette révision en pensant que les taux d'intérêt seraient plus élevés si le plafond était enlevé. Je voudrais vous demander, monsieur Taylor, si à la lumière de l'expérience vous pensez que le fait d'éliminer le plafond sur les taux d'intérêt au cours de la dernière révision de la Loi sur les banques a influencé l'augmentation du taux d'intérêt au Canada?

**M. Taylor:** Non, monsieur. Je voudrais pouvoir vous répondre autrement, car nous savons quelle est l'influence de la concurrence entre les banques, mais nous ne croyons pas que l'élimination du plafond a eu un effet. Je pense que le taux d'intérêt élevé actuellement en vigueur au Canada dépend de deux choses.



## [Texte]

First of all, the fact that we are so dependant on conditions in the whole world, particularly in the western world, and the shortage of capital that is plaguing virtually every country in the western world is certainly spilling over to us and having a very severe effect on the raising of rates.

I also think the fact that in both the private and public sectors in Canada we have been trying to do too much in too short a time with the capital we have. We have only so much capital to use. We have been trying to use it for all manner of productive and non-productive purposes and the demand is just tremendous. I think it is a combination of the two.

I think government spending particularly—I am not referring only to the federal government, I am referring to spending at all levels of government—has contributed generally to the demand for money and the high interest rates. I think it has been aggravated, sir, particularly in the last 18 months or two years, by the spectre of a relentless inflation, an inflation that seems to be eating away to the extent of 3½ or 4 per cent a year at the pocket-book of every citizen in the country which is causing people to be very fearful of long-term fixed income securities. There is no question in my mind that this has had an effect on the raising of rates.

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**Mr. Saltsman:** You made the point that part of the cause of inflation is government spending and that there is a need, if I interpreted you correctly, for some priority in terms of government spending. Would you also consider priorities in private spending? If there is a need for restraint, should this restraint not affect both the public and private sectors, or should it just affect the public sector?

**Mr. Taylor:** No, sir. It certainly should affect all sectors of spending in Canada. However, I think, if I may finish, that government spending is by far the most important factor in directing spending in the country. The example has to come from there and I think there has been overspending by all governments in recent years.

**Mr. Saltsman:** Apparently the federal government has indicated its intention to reduce its spending. Has the private sector made a comparable gesture?

**Mr. Taylor:** As I said, I think the lead has to come from government spending. I do not think we have seen too much indication of that as yet and I think that following in the wake of whatever example is set there, will

## [Interprétation]

Premièrement, le fait que nous dépendons à un tel point du reste du monde et particulièrement du monde occidental. La pénurie de capitaux est un fléau pour tous les pays occidentaux et nous affecte certainement avec de graves conséquences pour les taux d'intérêt. Et ensuite, nous avons essayé au Canada, dans tous les secteurs publics et privés, d'en faire trop en trop peu de temps avec les capitaux à notre disposition. Nous avons un certain montant de capitaux que nous voulons utiliser dans tous les secteurs de la production et autres. Je pense que c'est une combinaison des deux facteurs.

Premièrement, les dépenses gouvernementales et je ne parle pas uniquement du gouvernement fédéral, je parle de tous les niveaux d'administration publique, les dépenses de façon générale ont contribué aux demandes d'argent et au taux d'intérêt élevé. La situation s'est aggravée, surtout depuis 18 mois ou deux ans, car l'inflation se poursuit. Elle ronge de 3½ ou 4 p. 100 par année du revenu de tous les citoyens du pays. Les gens craignent donc les titres à revenu fixe à long terme.

**M. Saltsman:** Vous avez dit plus tôt que les dépenses gouvernementales sont la cause de l'inflation. Si je comprends bien, il faudrait établir des priorités dans les dépenses du gouvernement. Songez-vous également à des priorités dans les dépenses du secteur privé? Est-ce que ces restrictions ne devraient pas s'étendre au secteur public et privé?

**M. Taylor:** Elles devraient toucher tous les secteurs du Canada. Si vous me permettez, j'ajouterai que les dépenses gouvernementales ont de loin la plus forte influence sur le reste des dépenses du pays. Je pense que tous les gouvernements ont trop dépensé depuis quelques années.

**M. Saltsman:** Apparemment, le gouvernement fédéral a indiqué qu'il voulait réduire ses dépenses, est-ce que le secteur privé a fait un geste semblable?

**M. Taylor:** Comme je l'ai dit, je pense que le gouvernement doit donner l'exemple. Je ne pense pas que cela soit très apparent jusqu'ici, mais si cet exemple est donné, il entraînera peut-être certaines restrictions

[Text]

perhaps come some tightening on the part of the private sector, but I think we have to look at the private sector, Mr. Chairman, in two phases.

The private sector can be using money for productive purposes and to the extent that it is investing in the development of the natural resources of this country, I think this is sensible spending. To the extent that it deprives the use of capital for productive purposes and puts it into all manner of unproductive purposes, we can be postponing the further development of the country. I am not suggesting that unproductive spending is not essential. Of course, it is essential, but I think that we have to look at private spending as it is divided into those two sectors, sir.

**Mr. Saltsman:** What sort of suggestions could you make to this Committee with respect to establishing priorities of spending in the private sector? In other words, what kind of guidelines are there for determining priorities of private sector spending? How would we go about this?

**Mr. Gillespie:** Mr. Chairman...

**The Chairman:** Yes, Mr. Gillespie, I know what you are going to say.

**Mr. Gillespie:** ...I seriously question whether the kind of questions which the hon. member opposite is asking has any relationship at all to the matter before us and I would suggest that his questions are out of order.

**The Chairman:** Mr. Gillespie, I have found in my short experience as a parliamentarian that if you try to short-cut any questions the fellow whom you tried to stop will come back in another way to ask his question. However, I agree with you, Mr. Gillespie, that some of the questions might be out of order. I would ask Mr. Saltsman, as an experienced parliamentarian, to—

**Mr. Émard:** Mr. Chairman, the questions may be out of order, but the answers are very enlightening.

**The Chairman:** Yes, but we have before us, Mr. Émard—

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**Mr. Gillespie:** A supplementary question, Mr. Chairman.

**The Chairman:** Excuse me, Mr. Gillespie, I was going to reply to Mr. Émard. We have before us two Bills, S-6 and S-7 and as they are finance bills I have been lenient concerning some of the questions. Now I will hear you on your supplementary, Mr. Gillespie.

[Interpretation]

dans le secteur privé. Nous devrions peut-être étudier le secteur privé sous deux aspects.

Le secteur privé peut utiliser les fonds à des fins de production et s'il développe ainsi les ressources naturelles du pays, cela me semble une dépense raisonnable. Si, par contre, il n'y a plus de capitaux pour la production, on peut retarder le développement et le progrès du pays. Je crois que les dépenses à des fins non productives sont essentielles. Il faut étudier les dépenses du secteur privé sous ces deux aspects.

**M. Saltsman:** Quelles sont les suggestions que vous pourriez faire au Comité pour l'établissement d'un ordre de priorités pour les dépenses du secteur privé? Quelles sont les directives qui détermineraient les priorités du secteur privé?

**M. Gillespie:** J'invoque le Règlement.

**Le président:** Vous avez la parole.

**M. Gillespie:** Je me demande si les questions posées par l'honorable député se rapportent à la question à l'étude et je pense que ses questions sont irrecevables.

**Le président:** Monsieur Gillespie, ma brève expérience de parlementaire m'a appris qui si on essaie de réprimer les questions, elles reviennent toujours d'une autre façon. Toutefois, je reconnais, comme vous, monsieur Gillespie, que certaines de ces questions sont peut-être irrecevables, et je demanderai à M. Saltsman qui est un parlementaire d'expérience de...

**M. Émard:** Les questions sont peut-être irrecevables mais les réponses sont très intéressantes.

**Le président:** Nous sommes saisis, monsieur Émard...

**M. Gillespie:** Une question supplémentaire.

**Le président:** Excusez-moi, monsieur Gillespie, je voulais répondre à M. Émard. Nous sommes saisis de deux bills, S-6 et S-7, comme il s'agit de bills de finances, j'avais plus d'indulgence.



*[Texte]*

**Mr. Gillespie:** We did not ask these gentlemen to appear before us to talk about the private sector nor have we asked them to come to us as representatives of the private sector to talk to us about priorities in spending. I think it is quite out of order and quite irrelevant to our discussions to pursue this line of questioning at this time.

**The Chairman:** On the other hand, Mr. Gillespie, if the witness thinks it is not within his capacity or in his line to reply to the questions there is nothing to prevent him from saying that it is not within his jurisdiction.

**Mr. Gray:** Mr. Chairman, while it is very tempting because we have people of the wide experience and capacity of Mr. Taylor and his colleagues with us to use the occasion to broaden our own understanding of the financial situation of the country, actually I think we have a certain responsibility to the House of which we are a subsidiary body. The House has delegated to us the responsibility for studying these two Bills and recommending to the House whether or not these Bills should be adopted.

**The Chairman:** Mr. Gray, I think we will begin to set an example. I will ask Mr. Saltsman to keep his questions as much as is possible relevant to the two Bills which were referred to this Committee. If I allow you to talk for ten minutes and another member to talk for ten minutes, we will use up all our time.

**Mr. Saltsman:** Mr. Chairman, I appreciate your enlightened attitude with regard to questions on this Committee, but I would like to point out that I do think I am in order and I will just state this very briefly.

You really cannot deal with the question of increasing the capital of a company without some concern about the general investment policies of the country and the general allocation of investment opportunities or spending between the private and the public sector. This is really the point I am trying to make. You cannot deal with a bill of this type or other bills that come before us without some reference to investment policies and how they affect the country as a whole.

Although it might be a tenuous connection as far as some members may view it, I do feel that it is important and I certainly appreciate the opportunity of having experienced people before this Committee who can provide us with some information in this direction. I will accede to your request and finish my questioning very soon. Are you still with the question I left with you, sir?

*[Interprétation]*

**M. Gillespie:** Nous n'avons pas fait venir ces messieurs pour nous parler du secteur privé et des priorités dans les dépenses. Je pense que c'est tout à fait irrecevable et sans aucun rapport. Ces questions me semblent irrecevables.

**Le président:** Monsieur Gillespie, si les témoins pensent qu'il ne leur appartient pas de répondre aux questions, rien ne pourra les empêcher de dire que cela ne relève pas de leur compétence.

**M. Gray:** Comme ce sont des gens qui ont beaucoup d'expérience, il est bien tentant de profiter de l'occasion pour élargir nos connaissances sur la situation de notre pays. En fait, je crois que nous avons des responsabilités devant la Chambre. Elle nous a demandé d'étudier ces deux projets de loi et de présenter des recommandations à la Chambre pour savoir s'ils doivent être adoptés ou non.

**Le président:** Monsieur Gray, je demanderais à M. Saltsman de s'en tenir, dans la mesure du possible, à poser des questions sur les deux bills présentement à l'étude. Si je vous accorde 10 minutes et 10 minutes à un autre, nous y passerons tout notre temps.

**M. Saltsman:** Monsieur le président, j'apprécie beaucoup votre attitude éclairée au sujet des questions posées aux séances du comité. Mais, si cela est recevable, je tiens à dire qu'on ne peut étudier le problème de l'augmentation des capitaux d'une société sans parler de la politique générale d'investissement de notre pays et de la distribution des investissements et des dépenses entre les secteurs publics et privés. C'est ce que je veux faire ressortir. On ne peut parler d'un bill de ce genre ou d'autres bills semblables sans parler des politiques d'investissement et de la situation financière de l'ensemble du pays.

Même si les liens semblent ténus, comme certains semblent le croire, cela me paraît important et je suis heureux que nous ayons des témoins aussi éclairés qui peuvent nous renseigner. Mais j'accède à votre requête, monsieur le président, et je m'empresse de mettre un terme à mes questions.

Nous en sommes encore à l'autre question, n'est-ce pas, monsieur?

[Text]

**Mr. Taylor:** Yes, sir. I will attempt to answer it in this way. As long as we have the inflationary condition that is here today, sir, and I refer to it as relentless inflation because I am afraid this has been the history of inflation in many places, in the private sector of spending, particularly in consumer spending, you are going to have an urge on the part of people to spend and not to save because of the fear that the dollar will not be worth as much next year as it is this year. I think you see this in retail sales and consumer spending all across the country today. I am afraid that is as far as I can go in answering this because I do not profess to be speaking as an economist, sir.

**Mr. Saltsman:** I would like to have had some reply from you on the question of how one goes about establishing private priorities of spending. We know in the government we can take direct action and say we will spend in this area rather than in some other area, but surely in an inflationary period of time there is an equally valid argument for restraint on both sides. Since we are fairly clear on how we can exercise restraint in the government sector, I would like to have some idea from you as a representative of a major financial institution how we would go about exercising some restraint in the private sector.

**Mr. Taylor:** I answer that, sir, by simply referring to our own two companies and the policy we maintain of investing the dollar that is deposited with us primarily in mortgages for housing purposes, because we believe, apart from anything else, that the urgent need for housing in the country must have top priority. As I have said, 88 per cent by policy—actually, at the end of December it was 88.51 per cent—of the money deposited with us is being lent primarily for housing purposes in the country. I think perhaps that is as direct as answer as I can give to the question, sir.

**Mr. Saltsman:** Thank you, Mr. Chairman.

**The Chairman:** Perhaps my question will be out of order, Mr. Taylor, but Mr. Saltsman gave the impression that when the Bank Act amendments were before this Committee the trust companies disliked the increase in interest rates. The impression I got from the trust companies when they appeared as witnesses before this Committee on the Bank Act amendments was that some sections of the new Bank Act gave more power to the banks to the detriment of the trust companies.

**Mr. Taylor:** Yes, sir, that is quite right. The trust companies did not, either individually

[Interpretation]

**M. Taylor:** Oui. Aussi longtemps que cette situation d'inflation persistera, une inflation qui, comme dans bien des pays, est sans rémission, le secteur privé et surtout les consommateurs voudront dépenser plus et n'épargneront pas de crainte que la valeur du dollar soit encore moindre l'an prochain que cette année. Les ventes au détail dans l'ensemble du pays nous l'indiquent. Je crains de ne pouvoir aller plus loin car je n'ai pas la prétention de parler à titre d'économiste.

**M. Saltsman:** J'aurais bien aimé avoir votre opinion sur la façon de procéder pour établir la liste des priorités du secteur privé. Nous savons que nous pouvons prendre des mesures précises au gouvernement pour dépenser dans tel domaine au lieu de tel autre. Mais, au cours d'une période d'inflation, il y a des arguments valides pour se restreindre de part et d'autre. Comme les restrictions qu'on peut exercer au gouvernement semblent claires, je voudrais que vous nous disiez, à titre de représentant d'une grande institution financière, comment nous pouvons imposer des restrictions au secteur privé?

**M. Taylor:** Je répondrai en parlant de nos deux sociétés et de notre politique d'investissement pour les dollars déposés chez nous, notamment en hypothèques aux fins de la construction domiciliaire, car il nous semble que la crise du logement doit prendre la priorité. 88.51 p. 100 de l'argent déposé chez nous est investi sans forme d'hypothèques destinées à la construction de logements. Voilà, je crois, la meilleure réponse que je puisse donner à votre question.

**M. Saltsman:** Merci, monsieur le président.

**Le président:** Ma question ne se rapporte peut-être pas au sujet mais, lorsque nous avons discuté des amendements à la Loi sur les banques, les sociétés de fiducie craignaient une augmentation du taux d'intérêt. Lorsqu'elles ont témoigné au comité au sujet de la révision de la Loi sur les banques, elles disaient que certains nouveaux articles de la Loi accordent plus de pouvoirs aux banques au dépend des sociétés de fiducie.

**M. Taylor:** C'est vrai. Elles ne se sont pas opposées à l'élimination du plafond de 6 p.



[Texte]

or collectively, attempt to oppose the removal of the 6 per cent interest ceiling because they saw no grounds on which it was sensible to oppose that.

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**Mr. Trudel:** Monsieur le président, j'aimerais poser une question à M. Taylor. Je crois comprendre, par vos remarques, que vous attachez de l'importance aux prêts hypothécaires que vous accordez sur les maisons unifamiliales ainsi que multifamiliales. Dans les deux bills que nous avons devant nous, particulièrement dans le bill S-6, vous augmentez votre capital de 5 à 20 millions, ce qui est 4 fois plus.

Par contre, dans le bill S-7 concernant la Corporation d'Hypothèque, d'après l'impression que vous m'avez laissée, du moins ce que j'ai pu comprendre de vos remarques, le capital est doublé. La Corporation d'Hypothèque Huron et Érié est probablement celle qui fait le plus de prêts hypothécaires, seulement, vous doublez son capital et puis vous le quadruplez dans le bill S-6. Y a-t-il une raison particulière à cela?

**Mr. Taylor:** Mr. Chairman, we are asking that the capital of The Huron and Erie Mortgage Corporation be increased—be doubled, as you say—whereas we are asking that the capital of The Canada Trust Company be increased from \$5 million to \$20 million. The Canada Trust Company is a wholly owned subsidiary of The Huron and Erie. At the present time there are 250,000 shares of Canada Trust outstanding, or \$5 million. The purchases—the acquisitions—of the Waterloo Trust and the Halton & Peel Trust involve approximately \$26 million which The Canada Trust Company has been required to pay and which will be repaid to The Canada Trust by the Huron and Erie buying additional Canada Trust stock.

Under the new Bill we are asking for a total of 10 million shares of Canada Trust stock at \$2 par value in order to bring it in line with the \$2 par value that now applies to Huron and Erie and this is simply for simplicity of bookkeeping. We now have 2.5 million shares on that basis held by the Huron and Erie. It will require virtually 5 million shares more for the Huron and Erie to put funds into The Canada Trust Company to cover the purchase of these two companies, so that there will be, roughly, 7½ million shares out of the 10 million in Canada Trust issued. Does that answer the question?

**Le président:** Monsieur Trudel. Oui?

[Interprétation]

100 sur l'intérêt car elles n'ont pas trouvé de raisons valables pour s'y opposer.

**Mr. Trudel:** Mr. Chairman, I would like to put my question to Mr. Taylor. Mr. Taylor, if I am not mistaken, according to your remarks, you consider mortgage loans for single family dwellings and multiple family dwellings important. In the two bills we have before us, especially in Bill S-6, you increase your capital from 5 to 20 million, which is a fourfold increase.

On the other hand, in Bill S-7 respecting the Mortgage Corporation, I have the impression from what you have said that you will double your capital. The Huron and Erie Mortgage Corporation is probably the one that grants the most loans, and yet, the capital will be doubled and then it will be increased fourfold in Bill S-6. Why is that so?

**M. Taylor:** Monsieur le président, on demande que le capital de la Huron and Erie Mortgage Corporation soit doublé, et que celui de la Canada Trust Company soit quadruplé. La Canada Trust Company est une filiale entièrement détenue par la Huron and Erie Corporation. A l'heure actuelle, 250,000 actions représentant 5 millions de dollars ont été émises. L'acquisition du Waterloo Trust et du Halton and Peel Trust représentent environ 26 millions de dollars que la Canada Trust Company doit déboursier et qui lui seront remboursés par la Huron and Erie Mortgage Corporation sous forme d'achat d'actions supplémentaires.

D'après le nouveau bill, on exige un total de 10 millions d'actions de la Canada Trust à deux dollars chacune, valeur au pair, afin de les relever au niveau de la valeur au pair des actions de la Huron and Erie. C'est tout simplement pour faciliter la comptabilité. La Huron and Erie Mortgage Corporations détient à l'heure actuelle 2 millions et demi d'actions à ce titre. Elle devra acheter 5 millions d'actions de plus de la Canada Trust Company pour couvrir les achats des deux sociétés, de sorte qu'elle détiendra 7 millions et demi des 10 millions d'actions émises par cette société. Est-ce que cela répond à votre question?

**The Chairman:** Another question, Mr. Trudel?

[Text]

Mr. Taylor, there will be another question directed to you by Mr. Trudel.

**Mr. Trudel:** Do you presently have any shares in reserve that have been unsold and are held by the company?

**Mr. Taylor:** No, sir, we have virtually none. In the Huron and Erie we have authorized 5 million shares and we have 4,911,000 outstanding. In The Canada Trust we have 250,000 now; on the new \$2 par basis it would be 2½ million which is all held by the Huron and Erie except for qualifying shares held by directors.

**The Chairman:** Mr. Gray?

**Mr. Gray:** Mr. Chairman, Mr. Taylor has told us that the companies wish to increase their capital so they can increase their borrowing. I presume that the money they borrow is going to be lent out again up to a certain point. I think it would be useful if the witnesses could confirm for us the principal purpose or purposes of such lending.

**Mr. Taylor:** We intend to hold, sir, to the policy that now applies of loaning primarily on mortgages.

**Mr. Gray:** Will these mortgages be for residential housing?

**Mr. Taylor:** For housing purposes, primarily single family, again,—but both single family and multiple.

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**Mr. Gray:** If the capital is increased, you are suggesting to the Committee that the effect will be to increase the amount of funds you will have available for lending to members of the public for single family dwellings?

**Mr. Taylor:** Yes, sir. I answer that question without qualification.

**Mr. Gray:** Do you have the estimate on the increase in funds that you will have available for this important purpose?

**Mr. Taylor:** We are hoping this year for an increase in demand and term deposits of \$70 million. Using the yardstick of 88 per cent, roughly \$60 million of that would be available for increased mortgage lending.

**Mr. Gray:** You have already told us that in spite of the present general level of interest rates, which, I gather, has been created primarily by the great demand for funds by all sectors, you have had a demand you have

[Interpretation]

Monsieur Taylor, monsieur Trudel veut vous poser une autre question.

**M. Trudel:** Y a-t-il des actions en réserve qui n'ont pas été vendues et qui sont détenues par la compagnie?

**M. Taylor:** Non, monsieur. Dans la *Huron et Érié*, nous avons autorisé 5 millions d'actions et nous en avons 4,977,000 en circulation. Dans la compagnie de Trust Canada, nous en avons actuellement 250,000; sur la nouvelle base de \$2, cela ferait 2½ millions entièrement détenus sur la *Huron et Érié*, compte non tenu des actions de garantie détenues par les administrations.

**Le président:** Monsieur Gray?

**M. Gray:** Monsieur le président, monsieur Taylor nous a dit que les compagnies veulent augmenter leurs capitaux pour augmenter leurs emprunts. L'argent qu'ils empruntent sera encore prêté jusqu'à un certain point. Il serait utile que les témoins nous précisent le ou les objectifs principaux de ce prêt.

**M. Taylor:** Nous voulons nous en tenir à la politique qui s'applique déjà pour prêter surtout sur hypothèque.

**M. Gray:** Est-ce que ce sera pour des logements?

**M. Taylor:** Oui, surtout pour des bâtiments unifamiliaux, mais aussi pour des bâtiments plurifamiliaux.

**M. Gray:** Si le capital est augmenté, voulez-vous dire que cela aura pour effet d'augmenter la quantité de fonds à votre disposition pour prêter aux particuliers désireux d'acquies des maisons unifamiliales?

**M. Taylor:** Oui, monsieur. J'ai répondu à cette question sans réserves.

**M. Gray:** Connaissez-vous l'augmentation des fonds disponibles pour cet important objectif?

**M. Taylor:** Nous espérons que cette année il y aura une augmentation de la demande et des dépôts à terme représentant 70 millions de dollars. En nous limitant à environ 88 p. 100, 70 millions en gros seront disponibles pour permettre l'accroissement des prêts hypothécaires.

**M. Gray:** Vous nous avez déjà dit que malgré le taux général d'intérêt actuel, provoqué surtout par la grande demande de fonds faite dans tous les secteurs, vous avez reçu une demande de prêt pour habitations unifamilia-



[Texte]

not been able to meet for loans for single family dwellings. Is that right?

**Mr. Taylor:** That still applies, sir, yes.

**Mr. Gray:** Therefore, if these Bills are accepted by Parliament they will have the effect of providing a further \$60 million to your companies to lend to individuals for single family dwellings?

**Mr. Taylor:** Yes, sir. In order to be completely factual, I cannot say that the whole \$60 million would go on single family dwellings because the split of the 86 per cent that at the end of the year went for housing was roughly 70 per cent on single family dwellings and 30 per cent on multiple units and I would think this would continue.

**Mr. Gray:** I have one further question. What is the attitude of your company toward making funds available for some of the newer types of ownership of residential property that have been discussed so much recently—the condominium and the co-operative?

**Mr. Taylor:** We have done some co-operative lending, particularly on the West Coast and we are very aware of the importance of altering our policy to conform with new trends in this respect.

**Mr. Gray:** Will it be the intention of your company in the coming year to make more of your funds available for loans for housing in the condominium and the co-operative form of ownership?

**Mr. Taylor:** Yes, sir, to the extent that the demand is there. We have not seen a great demand for that as yet. We have made some loans, but we have not seen a great demand for it.

**Mr. Gray:** There were some comments a few months ago that the Canadian financial community had not been as ready as some thought they should have been, being the pillar of free enterprise society that should be interested in innovation and risk taking, to make funds available for these new types of ownership. Would you say that your company is departing from this attitude hopefully?

**Mr. Taylor:** Yes, I think so, sir. I think it is illustrated by the fact that we have been making sizeable loans on town houses, for instance, a type of lending that was not entertained just a few years ago. The amount of lending that we have been asked to do on the condominium type of dwelling has been very slight to date, but we have been making loans and we are quite prepared to consider loans in that area.

[Interprétation]

les que vous n'avez pu satisfaire. Est-ce exact?

**M. Taylor:** C'est toujours vrai, monsieur.

**M. Gray:** Alors, si les bills sont acceptés par le Parlement, vos compagnies disposeront d'une somme supplémentaire de 16 millions de dollars à prêter pour des maisons unifamiliales, n'est-ce pas?

**M. Taylor:** Oui, monsieur. En toute franchise, je ne peux pas dire que les 60 millions iront aux hypothèques concernant les maisons unifamiliales, car, à la fin de l'année, sur les 86 p. 100 employés pour les logements, environ 70 p. 100 sont allés aux maisons unifamiliales, 30 p. 100 à d'autres fins, et nous continuerons ainsi.

**M. Gray:** J'ai une autre question. Quelle est votre attitude pour mettre des fonds à la disposition pour certains nouveaux genres de propriétés dont on a tant parlé récemment, les copropriétés et les coopératives entre autres?

**M. Taylor:** Nous avons prêté à des coopératives, notamment sur la côte Ouest, et nous savons très bien qu'il est nécessaire de modifier notre politique pour se tenir au courant des nouvelles tendances.

**M. Gray:** Est-ce que ce sera la politique de votre compagnie d'accorder plus de prêts hypothécaires pour les logements coopératifs et en copropriété.

**M. Taylor:** Oui, si la demande existe. Il n'y a pas encore eu beaucoup de demandes dans ce sens, mais nous avons accordé des prêts de ce genre.

**M. Gray:** On a dit, il y a quelques mois, que les financiers canadiens n'étaient pas aussi prêts que certains auraient voulu qu'ils soient. Ces entreprises privées étant les piliers de la libre entreprise, devraient être intéressées à innover et à prendre des risques afin de mettre des fonds à la disposition de ce nouveau genre de propriété. Prétendriez-vous, heureusement, que votre compagnie n'est pas comme les autres?

**M. Taylor:** Oui, je le pense, monsieur, et on a déjà prouvé qu'on avait accordé beaucoup de prêts pour les *town-houses*, un genre de prêt qu'on n'accordait pas il y a quelques années. Les prêts consentis pour les logements en condominium n'ont pas été très élevés jusqu'ici, mais nous avons accordé des prêts et nous sommes disposés à le faire encore.

[Text]

Would you care to speak to this point, Mr. Miller?

**Mr. E. D. L. Miller (Assistant General Manager-Finance—Representing the Canada Trust Company and The Erie Mortgage Corporation):** Specifically on condominiums we have a study under way on a project in Toronto at the present time. It will be a matter of some weeks yet before it is in a final form that can be presented to our board, but to the extent that we are interested we already are looking at a specific project. As you may know, the condominium has been very slow in developing in Canada.

**Mr. Gray:** Some people have suggested that it is because the financial community has not been willing to move as quickly in to new forms of lending of this type.

**Mr. Miller:** I do not believe that, Mr. Gray. I believe that our financial community is willing to innovate, but apparently there has not been a demand for this type of housing in Canada until just the last two or three years.

**Mr. Gray:** It has been my impression that in the last few months at least, a number of builders have been most interested in seeking financing for condominium projects because they claim this will be one way of providing individually owned dwellings at lower cost than otherwise pertains. There has been some comment in the press—perhaps it is not accurate and I think this is not the place to go into it—that there has not been the interest shown in the financial community that one would have hoped for because of what is ordinarily said about the desire to innovate, to take reasonable risks and to develop our economy on the part of the business and financial community.

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**Mr. Miller:** I can only deny that there is no interest. It may not be a general interest, but we certainly do have financial institutions in Canada that are innovators and are interested in new developments of this type.

Specifically referring to condominiums, they become a desirable factor as land values increase in price very rapidly. I think in areas in the United States where condominiums have become much more common, if you would look back you would find these were the result of land values having risen very rapidly. It has only been within the last few years in Canada that land values have risen

[Interpretation]

Monsieur Miller, voulez-vous ajouter quelque chose?

**M. Miller (Directeur général adjoint—Finances—représentant de la Canada Trust Company et de la Huron and Erie Mortgage Corporation):** Au sujet des condominiums, nous sommes en train de faire une étude à l'heure actuelle sur un projet en cours à Toronto. Dans quelques semaines, nous connaissons le résultat de cette étude avant qu'elle soit présentée dans sa forme définitive à notre conseil de direction. Mais nous avons déjà manifesté notre intérêt car nous songeons déjà à un projet en particulier.

Comme vous le savez, les condominiums ne se sont pas développés très vite au Canada.

**M. Gray:** Certains prétendent que les financiers n'ont pas voulu agir assez rapidement vis-à-vis de ce genre de nouveaux prêts.

**M. Miller:** Je ne le crois pas, monsieur Gray. Je pense que les financiers acceptent de prendre des initiatives, mais apparemment la demande a été assez faible pour ce genre de logement au Canada, jusqu'à il y a deux ou trois ans.

**M. Gray:** Je pensais que depuis quelques mois du moins, plusieurs constructeurs s'intéressaient vivement au financement de projets en condominiums, car ils prétendent que ce genre de construction serait une façon de permettre aux personnes de posséder leur propre maison pour des prix plus modiques. Il y a eu des commentaires dans la presse à ce sujet. Cela n'est peut-être pas exact, et ce n'est pas l'endroit pour en discuter. On ne semble pas avoir manifesté beaucoup d'intérêt dans les milieux financiers, comme on aurait pu s'y attendre par les propres courants de notre communauté financière au sujet du désir d'innover, de prendre des risques calculés pour notre économie du pays.

**M. Miller:** Je nie que l'intérêt n'existe pas. Ce n'est peut-être pas un intérêt général, mais il y a certainement des institutions financières au Canada qui aiment innover et qui s'intéressent à des nouveaux projets de ce genre.

Au sujet des condominiums entre autres, c'est un facteur souhaitable car la valeur des terrains augmente très rapidement, et je crois aussi si l'on regarde en arrière, que dans certaines régions des États-Unis où les condominiums sont beaucoup plus populaires qu'ici, la cause en est l'augmentation rapide de la valeur des terrains. Ce n'est que depuis quelques années, au Canada, que la valeur des



[Texte]

so rapidly that the economic viability of a condominium becomes more important. Does that answer your questions, Mr. Gray?

**Mr. Gray:** Yes, thank you very much. I think in fairness it should be noted that until a year or two ago there were problems with regard to the legal status of condominiums which I understand have now been cleared away, at least in the Province of Ontario. Perhaps the evidence that you put on the record will encourage people who are interested in this form of building to get in contact with you in view of the interest you have expressed.

**Mr. Miller:** Hopefully.

**Mr. Gray:** Thank you, Mr. Chairman.

**Mr. Ritchie:** I would like to ask Mr. Taylor a question. He mentioned that 33 per cent of the business is west of the head of the Lakes. Is this savings and lending? Does one balance the other or are there areas in Canada that are negative and positive in investment?

**Mr. Taylor:** There was a time when virtually all our business in the West was lending with the money coming from the East, but there has been a reversal of that in recent years and we are just about in balance now with our borrowing and our lending in various sections of the country. This is a guideline that is not absolute, but our borrowings in the West at the present time would run about 35 per cent of our total deposits in term money and our lending would be about 31 per cent, so there is slightly more money coming from the West than we are lending at present. This is simply because of the tremendous demand there has been, particularly in the larger centres such as Toronto and Montreal, although we have been lending heavily virtually all through the West, certainly in the larger cities.

**Mr. Ritchie:** Is there any conscious effort on the part of your company to attempt to balance your regions? Do you attempt to lend back roughly what you take out of a region or is this impractical?

**Mr. Taylor:** No, I cannot say that we have done that, sir, over the years. As I said, most of our lending business back in the twenties was on the Regina plains on farm properties and most of the borrowing in those days was in Southwestern Ontario when there was a very severe imbalance. There is not that same type of imbalance today.

[Interprétation]

terres a augmenté si rapidement que la viabilité économique d'un condominium est devenue plus réelle. Est-ce que cela répond à votre question, M. Gray?

**M. Gray:** Oui, merci. Je pense, en toute franchise qu'il y a un an ou deux, il y avait des problèmes au sujet du statut légal des condominiums, mais maintenant ce problème est éliminé surtout en Ontario, et j'espère que le témoignage que vous avez présenté encouragera les gens qui s'intéressent à ce genre de construction communiqueront avec vous, après avoir vu l'intérêt que vous portez à ce sujet.

**M. Miller:** Je l'espère.

**M. Gray:** Merci, monsieur le président.

**M. Ritchie:** J'aimerais poser une question à M. Taylor. Il a mentionné que 33 p. 100 des affaires se font à l'ouest de la Tête des lacs. S'agit-il de l'épargne et des prêts? Atteint-on un équilibre ou y a-t-il des régions positives et négatives au point de vue de l'investissement au Canada?

**M. Taylor:** Dans l'Ouest, on accordait des prêts avec l'argent qui venait de l'Est, mais cela a changé depuis quelques années. Il y a plus d'équilibre maintenant entre les emprunts et les prêts dans les différentes parties du pays. C'est une indication qui n'est pas un absolu, mais nos emprunts dans l'Ouest à l'heure actuelle représentent 35 p. 100 de nos dépôts totaux en fonds à terme et nos prêts représentent environ 31 p. 100. Alors, il y a plus d'argent en provenance de l'Ouest disponible maintenant pour des prêts. C'est parce que la demande est beaucoup plus forte, notamment dans les grands centres comme Toronto et Montréal, même si nous avons accordé des prêts massifs dans toutes les grandes villes de l'Ouest.

**M. Ritchie:** Votre compagnie essaie-t-elle d'équilibrer réellement ses prêts dans les diverses régions? Essayez-vous de reprêter dans la même région ce que vous avez reçu de cette dernière—ou cela est-il impossible?

**M. Taylor:** Non, je ne peux pas dire que nous ayons agi de cette façon-là, mais à un moment, dans les années 20, la plupart des prêts étaient consacrés aux propriétés agricoles des Plaines de la région de Regina et la grande partie des fonds nous venait du sud-ouest de l'Ontario où le déséquilibre était très grand. Aujourd'hui, ce n'est plus ainsi.

[Text]

**Mr. Ritchie:** Do rural areas tend to give you a borrowing balance? I presume they do as compared to urban areas where you lend. Is this a noticeable factor?

**Mr. Taylor:** I will ask Mr. Miller to answer that because I think he is better qualified to do so.

**Mr. Miller:** Yes, I would say that more borrowings come in from rural areas than is lent out in rural areas on balance.

**Mr. Ritchie:** Do you think the difficulties of rural borrowers in acquiring money from companies such as yours, put them at a disadvantage as opposed to borrowers in a large city that have larger projects? Would this be a factor in less development in the rural area as opposed to a large urban area?

**Mr. Miller:** I do not think you can generalize really because rural is a matter of degree. I do not think there is any problem in the rural areas around the metropolitan areas in obtaining loans, but if you get into the further, less accessible, rural areas I have no doubt that there is.

**Mr. Ritchie:** Thank you.

**The Chairman:** Do you have any further questions gentlemen? Mr. Danson has indicated he has some and he will be followed by Mr. Flemming.

**Mr. Danson:** Mr. Chairman, I would like to ask Mr. Taylor a couple of questions. I was rather delighted to see the high percentage of the funds that is being channelled into the mortgage market, particularly in the family dwellings. I notice that a very high percentage goes into single family dwellings as opposed to multiple. Was that the number of mortgages or the amount of money to which you were referring?

**Mr. Taylor:** No, that was the amount of money.

**Mr. Danson:** What percentage of these, Mr. Taylor, would be NHA guaranteed loans?

**Mr. Taylor:** A very small percentage with us. Our business has been conventional lending. We have now, as a result of the purchase of The Waterloo Trust Savings Company, a sizeable portfolio of NHA mortgages, but our lending has been almost entirely conventional lending.

[Interpretation]

**M. Ritchie:** Est-ce que les régions rurales ont tendance à vous fournir plus de fonds en comparaison des prêts qui sont consentis aux régions urbaines? Est-ce là un facteur important?

**M. Taylor:** Je pense que M. Miller pourra répondre.

**M. Miller:** Je dirais que dans les régions rurales on a plus tendance à emprunter qu'à prêter.

**M. Ritchie:** Pensez-vous que les difficultés des emprunteurs ruraux, de recevoir des fonds de compagnies telles que la vôtre les mettent dans une position désavantageuse en comparaison des emprunteurs des grandes villes qui ont des développements considérables. Est-ce un aspect qui nuit au développement des régions rurales, comparé aux régions urbaines.

**M. Miller:** Je ne pense pas qu'on puisse généraliser ainsi car «rural» est une question de degrés. Il y a les régions rurales près des villes, il n'y a pas de difficultés pour qu'on leur consente des prêts. Mais si vous allez dans les régions plus éloignées, moins accessibles, il n'y a aucun doute que l'on rencontre plus de difficultés.

**M. Ritchie:** Merci.

**Le président:** Avez-vous d'autres questions, Messieurs? M. Danson, sera suivi de M. Flemming.

**M. Danson:** Monsieur le président, je voudrais poser quelques questions à M. Taylor.

Le pourcentage des fonds canalisés dans le domaine des hypothèques concernant les constructions unifamiliales, m'étonne. J'ai remarqué qu'un pourcentage très élevé est prêté pour la construction de logements unifamiliaux comparé aux habitations multifamiliales. Vous reférez-vous au nombre d'hypothèques ou au montant d'argent?

**M. Taylor:** Ce pourcentage représente la somme d'argent.

**M. Danson:** Quel est le pourcentage des prêts garanti par la Société centrale d'hypothèque et de logement?

**M. Taylor:** En ce qui nous concerne, un très petit pourcentage. Nous avons des prêts conventionnels. A la suite de l'achat du Waterloo Trust, nous avons maintenant un portefeuille assez élevé d'hypothèques de la Société centrale, mais nous avons plutôt des prêts traditionnels.



[Texte]

**Mr. Danson:** Yes. With this almost insatiable mortgage market, Mr. Taylor, I have been rather interested in one of your contemporaries in the trust and mortgage field which has recently instituted a program which is similar to The British Building Society type of project. It is a mutual fund for mortgages. Does this hold attractions or possibilities in the field or is that a dirty question?

**Mr. Taylor:** No, it is not a dirty question at all, sir. I am naturally familiar with the fund you are speaking of and naturally, too, we have studied this same type of possibility. It depends, of course, on where interest rates now are, does it not?

We have a very substantial pension business in the trust end of our operation, particularly for pension accounts. We have been operating pooled mortgage funds which are virtually the same thing for a number of years.

**Mr. Danson:** Does this give the lender—the people who are investing funds with you for re-investment—a possibility of more flexibility in return? The fact was mentioned that borrowing money for fixed income securities is difficult. I think Mr. Benson mentioned this is an address to the Canadian Club just a couple of weeks ago. Yet, a recent study by York University indicated that there was a shortage of equity and there is more money chasing equities than there are equities available. This is a very peculiar situation. Is there any way of generating more funds by putting a greater degree of flexibility into the mortgage field and do these mutual mortgage funds offer this in any way?

**Mr. Taylor:** We have operated an investment fund for eight years. I think we were the first trust company to introduce an investment fund. We were either the first or the second company to do so. It was a matter of a couple of months between another company and ourselves. We have operated both an equity fund and a fixed income fund for many years. The equity fund has been of much greater interest to the public because of the general interest in equities today, but we have had a fixed income fund, a portion of which has gone into mortgages, operating for many years. This is in essence the same type of trust to which you referred that has now been started by one of our competitors.

**Mr. Danson:** Thank you very much.

[Interprétation]

**M. Danson:** Avec ce grand marché d'hypothèques, monsieur Taylor, j'ai été intéressé par l'un de vos confrères dans le domaine fiduciaire et hypothécaire, qui a récemment institué un programme semblable à celui de la British Building Society. Il s'agit d'un fonds mutuel hypothécaire. Est-ce que cela semble attrayant; ou est-ce là une question à ne pas toucher?

**M. Taylor:** Non, ce n'est pas une question de ce genre. Je connais ce genre de fonds. Nous en avons étudié les possibilités, cela dépend, bien sûr, du taux d'intérêt. Pour notre part, nous avons en fiducie des fonds de pension considérables, et pour ces comptes, nous avons un genre de fonds mutuel, hypothécaire semblable depuis nombre d'années.

**M. Danson:** Cela donne-t-il au prêteur, aux gens, aux investisseurs qui font commerce avec vous plus de souplesse en ce qui concerne les revenus? On a mentionné que l'emprunt de fonds destinés à des placements à revenu fixe est difficile. Je pense que M. Benson a mentionné ce fait récemment dans son discours au Canadian Club, il y a quelques semaines. De même, une récente étude de l'Université York indique qu'il y a une pénurie de valeurs de placement. Il y a plus de fonds que de placements disponibles. C'est une situation bizarre. Est-ce qu'il serait possible d'obtenir plus de fonds en prévoyant plus de souplesse dans le domaine hypothécaire, et ces fonds mutuels hypothécaires peuvent-ils répondre à ces besoins?

**M. Taylor:** Nous avons des fonds d'investissement qui fonctionnent depuis huit ans. Nous avons été la première compagnie de fiducie à lancer un fonds d'investissement. Nous avons été la première ou la seconde, c'est une question de mois entre une autre société et la nôtre. Et nous avons eu un fonds de placement en valeurs et un fonds à revenu fixe depuis des années. Le fonds de placement en valeurs a soulevé beaucoup plus d'intérêt de la part du public en raison de l'intérêt qui se manifeste pour ce genre de fonds à l'heure actuelle. Nous avons un fonds à revenu fixe dont une partie est consacrée aux hypothèques, et qui fonctionne depuis plusieurs années.

Enfin, c'est le même genre de fonds que celui dont vous avez parlé, et qui vient d'être lancé par un de nos concurrents.

**M. Danson:** Merci beaucoup.

[Text]

**Mr. Flemming:** Mr. Chairman, my questions are directed to Mr. Taylor and are very brief. I assumed from reading the authority being sought that his companies want to issue equity shares at \$2 each in order to gather up small savings for which they will pay a good price and then lend the money on mortgages. I notice you want to issue 10 million shares at \$2 each and I presume you will sell them to the public?

• 1205

**Mr. Taylor:** No, sir.

**Mr. Flemming:** No?

**Mr. Taylor:** No, it is not our intention to do that. With the increase in capital of The Canada Trust, that stock would be taken up entirely by the Huron and Erie so as to maintain the traditional relationship of the two companies, the Huron and Erie having, as I said, full ownership of The Canada Trust Company. The Canada Trust Company, except for qualifying shares, is a wholly owned subsidiary of the Huron and Erie and it would be our intention to continue exactly that.

As far as the increase in the Huron and Erie is concerned where we are asking for an increase to 10 million authorized shares as against the present 5 million, we would continue a policy that has been followed in the last many years of issuing additional stock from time to time and inviting our existing shareholders to take it up. In that way the additional stock in the Huron and Erie would be offered to our own shareholders from time to time as has been done in the past. However, The Canada Trust stock would be subscribed for only by the Huron and Erie.

**Mr. Flemming:** There is one point I do not have clear in my mind.

**Mr. Taylor:** I am afraid it is my fault in not explaining it too well.

**Mr. Flemming:** You mentioned at the beginning of your remarks that the rates which you were paying on trust certificates, I presume, depending on the length of time—

**Mr. Taylor:** Yes.

**Mr. Flemming:**—were running 7 to 7½ per cent. I assume then that this is really the source of your fund?

**Mr. Taylor:** That is right, sir, that and demand money—money that comes in on deposit accounts and on chequing accounts. This provides the pool of money that we have

[Interpretation]

**M. Flemming:** Monsieur le président, mes questions seront très brèves et s'adressent à M. Taylor. En me basant sur la lecture de son rapport, que sa compagnie veut émettre des actions d'une valeur nominale de \$2,—d'offrir un bon rendement et ensuite de prêter les fonds recueillis en hypothèques, j'ai remarqué que vous vouliez émettre dix millions d'actions d'une valeur nominale de \$2 et je présume que vous les vendrez ensuite au public.

**M. Taylor:** Non.

**M. Flemming:** Non?

**M. Taylor:** Non. Nous n'avons pas l'intention de faire cela. Avec l'augmentation de capital de Canada Trust, ces actions seront entièrement reprises par Huron and Erie pour maintenir les rapports classiques entre les deux Sociétés. La Canada Trust Company est une filiale entièrement détenue de la Huron and Erie. Nous avons l'intention de suivre cette voie.

En ce qui concerne l'augmentation de Huron and Erie, nous demandons une augmentation du capital-actions à dix millions d'actions autorisées contre le capital de cinq millions d'actions actuel.

Nous allons continuer une politique qui a été suivie depuis de nombreuses années: émettre des actions additionnelles de temps à autre, et inviter nos présents actionnaires à les souscrire. Ainsi les actions additionnelles de Huron and Erie seront offertes à nos actionnaires de temps à autre comme par le passé. Mais la Canada Trust ne verra ses actions achetées que par la Huron and Erie.

**M. Flemming:** Je voudrais donc un éclaircissement...

**M. Taylor:** Je m'excuse si je ne m'explique pas bien.

**M. Flemming:** Vous avez dit au début de votre intervention, que les taux que vous payiez sur les certificats fiduciaires variaient selon leur durée.

**M. Taylor:** Oui.

**M. Flemming:** ...et tournaient autour de 7 à 7½ p. 100. Je suppose donc que c'est vraiment là la source de vos fonds.

**M. Taylor:** C'est exact. Ça et l'argent qu'on dépose chez nous dans les comptes de chèque et les comptes de dépôt. Cela nous donne une certaine somme d'argent que nous pouvons



[Texte]

available for investment, the large part of it, as I have said, in mortgages, the balance in short term Canada bonds for liquidity purposes.

**Mr. Flemming:** I was rather hoping that your Company might be offering some equity shares to the public in general for perhaps public relations purposes as much as anything.

**Mr. Taylor:** Of course, our stock is actively traded on the market today and as I said we have increased the issued stock of the Huron and Erie from time to time by an offering to the public, in the sense of making it available to our shareholders, some of whom take it up and some of whom sell it. To that extent it finds its way into the hands of the public and there is a sizeable increase in the number of shareholders each time we have issued a rights issue. At the present time we have 4,500 shareholders which is by far the largest number of individual shareholders we have ever had.

**Mr. Flemming:** Mr. Taylor, what would be the gross amount of shares issued by your Company, I do not mean exactly, but roughly?

**Mr. Taylor:** We have 4,911,000 shares of Huron and Erie now in the hands of the public and of that 97.7 per cent is owned by Canadians.

**Mr. Flemming:** I think then we in this Committee should have perhaps a word from Mr. Humphrys on whether or not he recommends this Bill as not being contrary to the public interest.

**Mr. Humphrys:** Yes, Mr. Chairman, I do recommend it. I think it is very much in the public interest since the law requires an adequate capital in each company in order to give the protection that the public needs if the company goes out to accept deposits or sell guaranteed investment certificates. Therefore, it is vital that the capital and surplus of this company be increased if its growth is to continue.

**Mr. Flemming:** I am satisfied, Mr. Chairman, thank you.

**The Chairman:** Are there any further questions, gentlemen? If not, we will begin the clause by clause consideration of Bill S-6.

Shall clause 1 carry?

**Mr. Saltsman:** How do I register my opposition on these voice votes?

**The Chairman:** By saying, "on division".

[Interprétation]

investir, soit pour la plus grande partie en hypothèque, soit en obligations du Canada à court terme, pour disposer de liquidités.

**M. Flemming:** J'espérais plutôt que votre compagnie pourrait offrir des actions au public en général pour des raisons de relations publiques peut-être?

**M. Taylor:** Nos actions se traitent activement sur le marché aujourd'hui. Comme je vous l'ai dit, nous avons augmenté les actions en circulation de Huron et Erie en les offrant au public, en les proposant à nos actionnaires qui, soit les achètent, soit les vendent. C'est ainsi qu'elles se retrouvent dans le public. Il y a une augmentation du nombre des actionnaires chaque fois que nous avons émis des droits de souscription. Nous avons maintenant cinq mille trois cents actionnaires. Nous n'en avons jamais eu autant.

**M. Flemming:** Quel est le montant brut des actions émises par votre compagnie. Je ne veux pas dire exactement, mais en gros?

**M. Taylor:** 4,911,000 actions de Huron and Erie sont aux mains du public. 97.7 p. 100 sont détenues par des Canadiens.

**M. Flemming:** Le Comité devrait avoir maintenant, l'avis de M. Humphrys. Nous voudrions savoir si ce bill n'est pas contraire à l'intérêt du public.

**M. Humphrys:** Je le recommande. Il est tout à fait dans l'intérêt du public, car la loi exige un capital approprié dans chaque compagnie, afin de donner la protection nécessaire au public pour permettre à la compagnie d'accepter des dépôts et de vendre des certificats de placement garantis.

C'est pourquoi il est nécessaire d'augmenter le capital et le surplus de la compagnie si son expansion se continue.

**M. Flemming:** Cela me suffit, monsieur le président, merci.

**Le président:** D'autres questions messieurs? Si vous n'avez pas de questions, nous allons commencer avec le bill S-6. L'article 1 est-il adopté?

**M. Saltsman:** Comment dois-je enregistrer mon opposition dans ce vote.

**Le président:** En disant: «sur division».

## [Text]

**Mr. Saltzman:** On division.

Clause 1 agreed to, on division.

Preamble agreed to, on division.

Title agreed to, on division.

**The Chairman:** Shall I report the Bill without amendment?

**Some hon. Members:** Agreed.

**The Chairman:** Now we shall deal with Bill S-7.

Clause 1 agreed to, on division.

Preamble agreed to, on division.

Title agreed to, on division.

**The Chairman:** Shall I report the Bill without amendment?

**Some hon. Members:** Agreed.

**The Chairman:** Thank you.

## [Interpretation]

**M. Saltzman:** Sur division.

L'article 1 adopté sur division.

Le préambule adopté sur division.

Le titre adopté sur division.

**Le président:** Puis-je faire rapport du bill sans amendement?

**Des voix:** Adopté.

**Le président:** Nous allons maintenant passer au bill S-7. L'article 1.

L'article 1 adopté sur division.

Le préambule adopté sur division.

Le titre adopté sur division.

**Le président:** Le bill est-il adopté?

**Des voix:** Adopté.

**Le président:** Merci.

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OFFICIAL BILINGUAL ISSUE

FASCICULE BILINGUE OFFICIEL

HOUSE OF COMMONS

CHAMBRE DES COMMUNES

First Session

Première session de la

Twenty-eighth Parliament, 1968-69

vingt-huitième législature, 1968-1969

STANDING COMMITTEE

ON

FINANCE, TRADE

AND

ECONOMIC AFFAIRS

LIBRARY

FEB 17 1969

UNIVERSITY OF TORONTO

COMITÉ PERMANENT

DES

FINANCES, DU COMMERCE

ET DES

QUESTIONS ÉCONOMIQUES

*Chairman:* Mr. Gaston Clermont

*Président:* M. Gaston Clermont

MINUTES OF PROCEEDINGS  
AND EVIDENCE

PROCÈS-VERBAUX ET  
TÉMOIGNAGES

No. 19

TUESDAY, JANUARY 21, 1969

RÉUNION DU  
MARDI 21 JANVIER 1969

*Respecting*

Bill C-138, An Act to amend the Bretton Woods Act and the Currency, Mint and Exchange Fund Act.

*Concernant*

Le Bill C-138, Loi modifiant la Loi sur les accords de Bretton Woods et la Loi sur la monnaie, l'Hôtel des monnaies et le fonds des changes.

*Witnesses:*

*From the Department of Finance:* Messrs. Alan Hockin, Assistant Deputy Minister; S. J. Handfield-Jones, Director of International Finance. *From the Library of Parliament:* Mr. E. Brower, Research Branch.

*Témoins:*

*Du ministère des Finances:* MM. Alan Hockin, sous-ministre adjoint; S. J. Handfield-Jones, directeur des Finances internationales. *De la Bibliothèque du Parlement:* M. E. Brower, Service des recherches.

STANDING COMMITTEE ON  
FINANCE, TRADE  
AND  
ECONOMIC AFFAIRS

*Chairman:* Mr. Gaston Clermont

*Vice-Chairman:* Mr. Alastair Gillespie  
and Messrs.

Blair,  
Burton,  
Comtois,  
Danson,  
Downey,  
Émard,  
Flemming,

Gauthier,  
Gray,  
Hales,  
Harkness,  
Kaplan,  
Lambert (*Edmonton*  
*West*),

*La secrétaire du comité,*  
Dorothy F. Ballantine,  
*Clerk of the Committee.*

COMITÉ PERMANENT DE LA  
FINANCE, DU COMMERCE  
ET DES  
QUESTIONS ÉCONOMIQUES

*Président:* M. Gaston Clermont

*Vice-président:* M. Alastair Gillespie  
et MM.

Latulippe,  
Portelance,  
Roberts,  
Saltsman,  
Trudel—(20)



ORDER OF REFERENCE

WEDNESDAY, January 15, 1969.

*Ordered*,—That the following Bills be referred to the Standing Committee on Finance, Trade and Economic Affairs:

Bill C-138, An Act to amend the Bretton Woods Agreements Act and the Currency, Mint and Exchange Fund Act; and

Bill S-4, An Act respecting the marking of articles containing precious metals.

ATTEST:

*Le Greffier de la Chambre des communes*  
ALISTAIR FRASER  
*The Clerk of the House of Commons*

ORDRE DE RENVOI

Le MERCREDI 15 janvier 1969.

*Il est ordonné*,—Que les bills suivants soient déferés au comité permanent des finances, du commerce et des questions économiques:

Bill C-138, Loi modifiant la Loi sur les accords de Bretton Woods et la Loi sur la monnaie, l'Hôtel des monnaies et le fonds des changes; et

Bill S-4, Loi concernant le poinçonnage des articles contenant des métaux précieux.

ATTESTÉ:





## MINUTES OF PROCEEDINGS

TUESDAY, January 21, 1969.  
(27)

The Standing Committee on Finance, Trade and Economic Affairs met at 11:10 a.m. this day, the Chairman, Mr. Clermont, presiding.

For members present and those in attendance, see Issue No. 18, also dated January 21, 1969.

The Committee first considered two private bills, S-6 and S-7. (*See Issue No. 18*).

The Committee then proceeded to consideration of Bill C-138, An Act to amend the Bretton Woods Agreements Act and the Currency, Mint and Exchange Fund Act.

Mr. E. Brower of the Research Branch of the Library of Parliament was called and explained the services that his Branch could offer during the Committee's study of Bill C-138. At the request of the Committee, Mr. Brower agreed to be present at all meetings during study of this Bill.

At 12:20 p.m. the Committee adjourned until 3:30 p.m. this day.

## AFTERNOON SITTING (28)

The Committee resumed at 3:35 p.m., the Chairman, Mr. Clermont, presiding.

*Members present:* Messrs. Burton, Clermont, Comtois, Danson, Emard, Flemming, Gauthier, Gillespie, Gray, Harkness, Kaplan, Lambert (*Edmonton West*), Portelance, Roberts, Saltsman, Trudel—(16).

*Also present:* Messrs. Forget, Osler and Ritchie.

*In attendance:* From the Department of Finance: Messrs. Alan Hockin, Assistant Deputy Minister; S. J. Handfield-Jones, Director of International Finance, Bruce

## PROCÈS-VERBAL

Le MARDI 21 janvier 1969  
(27)

Le Comité permanent des Finances, du commerce et des questions économiques se réunit aujourd'hui à 11 hres du matin sous la présidence de M. Clermont, président.

Pour la liste des présences et des témoins, voir le fascicule n° 18 également daté du 21 janvier 1969.

Le Comité étudie d'abord deux projets de loi privés, les bills S-6 et S-7 (*voir fascicule n° 18*).

Le Comité procède ensuite à l'étude du bill C-138, Loi modifiant la Loi sur les accords de Bretton Woods et la Loi sur la monnaie, l'Hôtel des monnaies et le fonds des changes.

M. E. Brower du Service des recherches de la Bibliothèque du Parlement est invité à préciser de quelle façon son organisation peut être utile au Comité pour l'étude du bill C-138. Sur requête du Comité, M. Brower consent à assister à toutes les séances nécessitées pour cette étude.

A 12 hres 30, la séance est levée, jusqu'à 3 hres 30 de l'après-midi.

## SÉANCE DE L'APRÈS-MIDI (28)

Le Comité se réunit de nouveau à 3 hres 35 de l'après-midi, sous la présidence de M. Clermont, président.

*Présents:* MM. Burton, Clermont, Comtois, Danson, Emard, Flemming, Gauthier, Gillespie, Gray, Harkness, Kaplan, Lambert (*Edmonton-Ouest*), Portelance, Roberts, Saltsman, Trudel—(16).

*De même que:* MM. Forget, Osler et Ritchie.

*Aussi présents:* Du ministère des Finances: MM. Alan Hockin, sous-ministre; S. J. Handfield-Jones, directeur des Finances internationales; Bruce D. Lister,

D. Lister, International Finance Division. *Division des finances internationales. De la From the Bank of Canada: Mr. Roche Banque du Canada: M. Roche Vachon. De la Vachon. Also in attendance: Mr. E. Brower, la Bibliothèque du Parlement: E. Brower. Parliamentary Library.*

The Committee resumed consideration of Bill C-138, An Act to amend the Bretton Woods Agreement Act and the Currency, Mint and Exchange Fund Act.

On motion of Mr. Gillespie,

*Resolved*,—That this Committee procure for its use during study of Bill C-138, thirty (30) copies of the Bretton Woods Act and amendments.

*On clause 1*

Messrs. Hockin and Handfield-Jones were called and Mr. Hockin made a brief statement on the bill and the Special Drawing Rights dealt with therein.

The witnesses were questioned.

At 5:30 p.m. the Committee adjourned until 11:00 a.m., Thursday, January 23, 1969.

Le Comité reprend l'examen du bill C-138, Loi modifiant la Loi sur les accords Bretton Woods et la Loi sur la monnaie, l'Hôtel des monnaies et le fonds des changes.

Sur proposition de M. Gillespie,

*il est résolu*—que le Comité se procure, pour s'en servir en cours de son étude du bill C-138, trente (30) exemplaires de la Loi sur les accords de Bretton Woods et de ses amendements.

*Article 1*

MM. Hockin et Handfield-Jones sont invités à témoigner. M. Hockin fait une courte déclaration sur le projet de loi et les droits et tirages spéciaux inclus.

Les témoins sont interrogés.

A 5 hres 30 de l'après-midi, le Comité s'ajourne jusqu'au jeudi 23 janvier 1969, à 11 hres du matin.

*La secrétaire du Comité,  
Dorothy F. Ballantine,  
Clerk of the Committee.*



[Text]

## EVIDENCE

(Recorded by Electronic Apparatus)

Tuesday, January 21, 1969

(Please note: For evidence concerning Bills S-6 and S-7 recorded earlier in this Sitting see Issue No. 18)

**The Chairman:** I will ask the members of the Committee to remain for a few minutes. We will begin this afternoon with Bill C-138. At the meeting yesterday of the Subcommittee on Agenda and Procedure it was suggested that I inquire from the Parliamentary Library, particularly the Vertical File Branch and the Reference Branch, whether they might supply more information to the Committee. Yesterday, as suggested, I visited the Vertical File Branch and I obtained some newspaper clippings not exactly on Bill C-138, but on the International Monetary Fund. I also spoke to the Chief of the Research Branch who stated he would send an economist from his branch to provide your Committee with reference material on the World Bank. If agreeable, we will take a few minutes now to outline the type of information we will be requesting from Mr. Brower?

**Mr. Gray:** Mr. Chairman, I think this matter arose at our meeting of the steering committee when it was agreed that you would inquire of the Library what assistance they could give us by way of background material both from the Reference Branch and the Research Branch.

**The Chairman:** Yes.

**Mr. Gray:** You have, carried out this task with your usual diligence, and I would suggest that in so far as the material from the Reference Branch is concerned which you have in that envelope...

**The Chairman:** It is from the Vertical File Branch.

**Mr. Gray:** Well, whatever you want to call it. I would suggest that it be further reproduced so that sets will be available for all the members. With respect to the Research Branch we might inquire to what extent Mr. Brower or one of his associates could be available to the Committee to provide memoranda or explanations on the subject matter of the Bill to permit Canada to join the Special Drawing Rights Scheme as our study of this Bill proceeds. There may be limitations

[Interpretation]

## TÉMOIGNAGES

(Enregistrement électronique)

[Interprétation]

Nota: Les témoignages enregistrés plus tôt et ayant trait aux Bills S-6 et S-7, se trouvent dans le fascicule 18.

**Le président:** Je demanderais aux membres du Comité de rester quelques instants encore. Cet après-midi, messieurs, nous commencerons l'étude du bill C-138. Hier, lors de la réunion du sous-comité du programme et de la procédure, il m'a été suggéré de demander à la bibliothèque des recherches de façon que l'on nous fournisse davantage de renseignements. Hier, je me suis rendu à la bibliothèque, et j'ai obtenu des articles de journaux non pas exactement sur le bill C-138, mais au sujet du Fonds monétaire international. J'ai parlé au directeur de la division de recherche. Il devait nous envoyer un économiste de sa division, afin de fournir à votre comité de la documentation sur la Banque mondiale, tel le compte des tirages spéciaux, etc... Si nécessaire nous prendrons maintenant quelques minutes pour définir le genre d'information que nous demanderons à M. Brower.

**M. Gray:** La même chose est survenue au Comité permanent et l'on a demandé leur assistance.

**Le président:** C'est cela.

**M. Gray:** Vous vous êtes occupé de cette tâche aussi bien que d'habitude et je pense qu'en ce qui concerne les renseignements provenant du Service de la référence lesquels vous avez dans l'enveloppe...

**Le président:** Il s'agit du Service de coupures de journaux.

**M. Gray:** Quoi qu'il en soit, je pense qu'il faut faire reproduire cette documentation pour que tous les députés en disposent. En ce qui concerne le Service de la recherche, il faudrait savoir dans quelle mesure M. Brower ou un de ses collègues pourra venir au Comité pour nous fournir des explications ou des mémorandums sur la matière du bill pour permettre au Canada de se joindre au programme de tirages spéciaux pendant que nous étudions ce bill. Il y a peut-être des limites

[Text]

inherent in the structure of the Research Branch and its terms of reference and so on. The only way we will know about this is if we ask Mr. Brower. Perhaps you could come up here, Mr. Brower, and let us know something about what the Branch can do to be of assistance to this Committee.

**The Chairman:** If Mr. Saltsman will excuse me, he was one of the members present at that subcommittee meeting who wanted some more information.

**Mr. Gray:** Mr. Brower, could you tell us what the Research Branch would be able to do by way of continuing assistance to this Committee initially on the study of this Special Drawing Rights Scheme?

**Mr. Edward J. Brower (Research Branch, Library of Parliament):** Yes, it is my understanding that I can make myself available to this Committee and attend the sessions...

**The Chairman:** Gentlemen, order, please.

**Mr. Brower:** ...and prepare background information on any issue that comes up. The basis of the Research Branch is to get the essence of the material that is available in the Library, to summarize it and bring it before members. In a project like this, it is my understanding that I can be made available to attend this Committee's meetings and bring forward anything that is requested.

**Mr. Gray:** In that case, Mr. Chairman, I propose that we invite Mr. Brower, either directly or through his chief, to be in attendance at the meetings of this Committee while it is studying the Special Drawing Rights Scheme and when it appears to the Committee as a whole or to individual members that he can be of assistance in providing background material or explanations we should, through the Chairman, direct these requests to him.

**The Chairman:** Is this agreeable to you, gentlemen?

**Some hon. Members:** Agreed.

**The Chairman:** Yes, Mr. Saltsman?

**Mr. Saltsman:** Mr. Chairman, I voice a note of agreement today. I have had the pleasure of having Mr. Brower do some work for me from time to time and I think he will be a

[Interprétation]

inhérentes au service de la recherche. La seule façon de le savoir est de poser la question à M. Brower. Monsieur Brower, vous pouvez peut-être venir ici et nous parler de ce que peut faire le service pour nous aider.

**Le président:** Si M. Saltsman peut m'excuser, il a participé à cette réunion du sous-comité; c'est lui qui a demandé des renseignements supplémentaires.

**M. Gray:** Monsieur Brower, pourriez-vous nous dire ce que le Service de la recherche pourrait faire pour renseigner le Comité de façon continue pour l'aider à étudier ce programme de tirages spéciaux?

**M. Edward J. Brower (Service de la recherche, Bibliothèque du Parlement):** Oui, on me laisse entendre que je puis être à la disposition du Comité et participer aux séances—

**Le président:** Messieurs, à l'ordre, s'il vous plaît.

**M. Brower:** Je pourrais vous préparer de la documentation sur toutes les questions que vous pourrez étudier.

La fonction du Service de la recherche est d'obtenir l'essence de tout ce qui est disponible à la Bibliothèque, de le résumer et de le soumettre en résumé aux députés. Dans un programme comme celui-ci, je peux être mis à votre disposition et participer au Comité pour vous fournir tous les renseignements nécessaires.

**M. Gray:** Dans ce cas, monsieur le président, je pense que nous devrions inviter M. Brower, soit directement ou par l'entremise de son chef, et je lui demanderais de participer aux réunions du Comité pendant l'étude de ce programme de tirages spéciaux et lorsqu'il semble au comité plénier ou aux membres en particulier qu'il pourrait nous aider en nous fournissant du matériel de base, nous devrions lui faire ces demandes.

**Le président:** Êtes-vous d'accord, messieurs?

**Des voix:** D'accord.

**Le président:** Oui, monsieur Saltsman?

**M. Saltsman:** Monsieur le président, aujourd'hui je constate un certain accord. J'ai été très heureux que M. Brower ait fait du travail pour moi de temps à autre et je



[Texte]

marvellous asset to this Committee; I am just delighted that he is going to be with us.

[Interprétation]

suis certain qu'il pourra beaucoup nous aider au Comité. Je suis très heureux qu'il soit avec nous.

• 1215

**Mr. Gray:** I have also had the pleasure of having Mr. Brower assigned to assist me in some individual projects of research and I am sure he will be very useful. I hope our Clerk, therefore, will send him notices of the meetings in the same way as she does with the rest of us so he will be able to work out a schedule accordingly.

**M. Gray:** J'ai aussi eu le plaisir d'avoir M. Brower pour m'aider à faire de la recherche personnelle. Je suis sûr qu'il pourra nous être d'un grand secours.

J'espère donc que la secrétaire du Comité lui enverra des avis de convocation du Comité comme elle le fait pour nous, afin qu'il puisse établir son horaire en conséquence.

Mr. Chairman, if I may have one more minute, I might inform the Committee that this afternoon, in line with the order the Committee made this morning, we will start the first stage of our proceedings which will be for purposes of explanation and information for the Committee and those following its proceedings. The principal witnesses from the Department of Finance will be two senior officials, Mr. Alan Hockin, Assistant Deputy Minister of Finance and Mr. Steve Handfield-Jones, who just returned from being our representative at the International Monetary Fund where he took a leading role on behalf of Canada in negotiating the changes we are studying and who is now a director of the section of the Department of Finance charged with these international monetary matters.

Monsieur le président, une minute encore. Je voudrais faire savoir au Comité que cet après-midi, conformément avec l'ordre du Comité ce matin, la première partie de nos délibérations fournira des renseignements et des explications au Comité et à ceux qui suivent nos délibérations. Les principaux témoins du ministère des Finances seront des fonctionnaires supérieurs, M. Alan Hockin, sous-ministre adjoint des Finances, et M. Steve Handfield-Jones qui vient de revenir de la réunion du Fonds monétaire international, où il a joué un rôle important et où il a négocié au nom du Canada les changements que nous étudions présentement. Il est maintenant directeur des questions monétaires internationales au ministère des Finances.

I also wish to inform the Committee that it is my understanding after we have had the necessary sessions with Mr. Hockin and Mr. Handfield-Jones, that representatives of the Bank of Canada would be prepared to appear before us as part of our first stage of consideration.

Je veux également faire savoir au Comité qu'on me laisse entendre qu'une fois que nous aurons rencontré M. Hockin et M. Handfield-Jones, des représentants de la Banque du Canada seraient prêts à comparaître au Comité. Ils seraient de la première partie de notre étude.

**The Chairman:** Thank you, Mr. Gray. Mr. Saltzman, as I mentioned earlier, some reference material was given to me by the Vertical File Branch which will be distributed to every member of our Committee.

**Le président:** Merci, monsieur Gray. Monsieur Saltzman, comme je l'ai dit plus tôt, le Service des coupures de journaux m'a fourni ces renseignements et ils seront distribués à tous les membres du Comité.

**Mr. Gray:** If I may have your indulgence for one minute, Mr. Chairman...

**M. Gray:** Si le Comité veut bien m'y autoriser...

**The Chairman:** Yes, Mr. Gray.

**Le président:** Oui, monsieur Gray.

**Mr. Gray:** ...I forgot to mention that I will be arranging to have further material from the Department distributed to members of the Committee later today or early tomorrow.

**M. Gray:** ...j'ai oublié de dire que je me suis arrangé pour obtenir d'autres documents qui seront fournis aux membres du Comité aujourd'hui ou demain.

**The Chairman:** Gentlemen, we will meet at 3.30 p.m., or after the question period, in the same room this afternoon.

**Le président:** Messieurs, trois heures et demie ou après la période des questions dans la même salle. A cet après-midi, messieurs.

[Text]

[Interpretation]

## AFTERNOON SITTING

## SÉANCE DE L'APRÈS-MIDI

• 1537

**The Chairman:** Gentlemen, I see a quorum. As was decided by you gentlemen this morning it is my intention to proceed as follows. First, we will hear the witnesses from the public sector—the government officials—and then we will hear witnesses from the private sector. If we feel it is necessary we can then recall the government officials.

Today we have with us Mr. Hockin, Assistant Deputy Minister of the Department of Finance and Mr. Handfield-Jones, Director of the International Finance Division of the Department of Finance. Mr. Handfield-Jones recently completed four years service as Canada's Executive Director on the Board of the International Monetary Fund.

As I mentioned this morning some clip-pings will be delivered to you gentlemen as well as some articles I have received from the Reference Branch of the Library of Parliament. One is entitled *Special Drawing Rights* by Mr. David W. Slater. Another one is entitled *How the IMF Aids International Trade* by Messrs. Handfield-Jones—I am sure you are familiar with that name—and Mr. C. T. MacDonald. We have another one by the Governor of the Bank of Canada, Mr. Rasminsky, entitled *The International Monetary System*. These will be delivered to you by our Clerk.

• 1540

In addition, through the courtesy of the Finance Department, but not at their expense, we can obtain 30 copies of the Bretton Woods Agreements Act and Amendments, but we will be charged 30 cents a copy. If you are agreeable, I will receive a motion that this Committee procure for its use during study of Bill C-138, 30 copies of the Bretton Woods Agreements Act and Amendments.

**Mr. Gillespie:** I so move.

**The Chairman:** Are there any objections?

Motion agreed to.

**The Chairman:** I think by the end of these sessions, gentlemen, you will have had enough material to return a good Bill C-138 to the House of Commons. No doubt, the government officials already think it is a good Bill.

**Mr. Émard:** They always do.

**Mr. Gray:** Mr. Chairman, perhaps it should be noted that it has been arranged to have

**Le président:** Messieurs, nous avons quorum. Conformément à votre décision de ce matin, nous allons procéder comme suit: nous entendrons d'abord les représentants du secteur public, des fonctionnaires, puis ceux du secteur privé. Si cela est nécessaire, nous convoquerons de nouveau les représentants du gouvernement. Aujourd'hui, nous avons avec nous M. Hockin, sous-ministre adjoint du ministère des Finances et M. Handfield-Jones directeur de la Division des finances internationales du ministère des Finances, qui vient de terminer un mandat de quatre ans à la Commission du Fonds monétaire international.

Aussi, comme je l'ai dit au cours de la séance de ce matin, nous vous remettrons certains documents et quelques articles que j'ai reçus du Service de références de la Bibliothèque, entre autres, «les droits de tirage spéciaux», article écrit par M. David W. Slater, et «comment le Fonds monétaire international favorise les échanges internationaux», par MM. Handfield-Jones, que vous connaissez bien, et C. T. MacDonald, et un autre du gouverneur de la Banque du Canada, M. Rasminsky, intitulé «Le système monétaire international». Ces articles vous seront remis par le greffier.

Enfin, le ministère des Finances a eu l'amabilité de nous fournir une trentaine d'exemplaires des accords de Bretton Woods, y compris les modifications. Chaque exemplaire nous coûtera 30 cents. Alors, si cela vous convient, je demanderai de présenter une motion pour qu'on se procure 30 exemplaires des accords de Bretton Woods et de leurs amendements, pour l'étude du bill C-138.

**M. Gillespie:** J'en fais la proposition.

**Le président:** Y a-t-il quelqu'un qui s'y oppose?

La motion est adoptée.

**Le président:** Je pense qu'à la fin de ces séances, Messieurs, vous aurez assez de documents pour méditer, ou encore pour remettre à la Chambre des communes un bill C-138 qui en vaudra la peine. Les fonctionnaires pensent déjà que le bill est excellent.

**M. Émard:** Ils le pensent toujours.

**M. Gray:** Monsieur le président, on a aussi prévu qu'on distribuerait certaines publica-



*[Texte]*

distributed to the Committee certain publications of the International Monetary Fund describing the structure of the Fund and its work which may also serve as a background for our study of this Bill.

**The Chairman:** It is a pleasure for me to bring to your attention that we have in our audience this afternoon the President of the Privy Council together with his Executive Assistant, Dr. Stewart. I do not know if he is here to witness our operations and our deliberations, but, in any case, he is welcome. We also have with us Mr. Brower from the Research Branch of the Library of Parliament. Mr. Brower is here to help us with our research in the study of Bill C-138.

If there are no questions I will ask Mr. Hockin, who is seated at my left, to proceed. Sitting next to Mr. Hockin is Mr. Handfield-Jones.

**Mr. Gray:** Mr. Chairman, for the information of the Committee perhaps either you or the witnesses might give us some background information on their official duties so we could listen to their remarks in the light of such knowledge.

**The Chairman:** Mr. Hockin, as I mentioned earlier, is the Assistant Deputy Minister of the Department of Finance and Mr. Handfield-Jones is the Director of the International Finance Division of the Department of Finance.

**Mr. Alan B. Hockin (Assistant Deputy Minister, Department of Finance):** Thank you, Mr. Chairman.

Mr. Chairman, it is a great pleasure for the Department of Finance's officials to appear before the Committee on Finance, Trade and Economic Affairs as you begin your examination of this Bill to Amend the Bretton Woods Agreements Act and the Currency, Mint and Exchange Fund Act.

While the Bill before you is somewhat complicated, the main idea is quite a simple one. It provides for the Parliamentary authority for Canada to accept the amendments to the Articles of Agreement of the International Monetary Fund which will empower it to create and allocate to its members Special Drawing Rights. SDRs—as they are called—are essentially a new kind of international reserves. They will serve the same purpose as gold and reserve currencies, but they can be created deliberately by international action as and when they are needed. Thus, for the first time, it will be possible to exercise deliberate international control over the amount of international liquidity in the payments system.

*[Interprétation]*

tions du Fonds monétaire international décrivant les structures du Fonds et son travail. Ce sera un document intéressant, qui facilitera l'étude du bill.

**Le président:** C'est un plaisir pour moi de vous signaler qu'en plus du président du Conseil privé et de son adjoint exécutif, M. Stewart, qui assistent à notre réunion—je ne sais pas s'ils viennent écouter nos délibérations, mais je les accueille avec plaisir—il y a aussi M. Brower, du Service des recherches de la Bibliothèque qui est avec nous cet après-midi. M. Brower est ici pour nous aider à étudier le bill C-138.

Alors, si vous n'avez pas de questions à poser, je demanderai à M. Hockin, qui est assis à ma gauche, de prendre la parole. Et, le deuxième à ma gauche est M. Handfield-Jones.

**M. Gray:** Vous, monsieur le président, ou les témoins, pourriez peut-être nous parler d'abord de leurs fonctions officielles.

**Le président:** Comme je l'ai déjà dit, M. Hockin est le sous-ministre adjoint du ministère des Finances et M. Handfield-Jones est le directeur de la Division des finances internationales du ministère des Finances.

**M. Alan B. Hockin (Sous-ministre adjoint, ministère des Finances):** Merci, monsieur le président. C'est un grand plaisir pour les fonctionnaires du ministère des Finances de témoigner devant votre Comité, alors que vous commencez l'étude de ce bill visant à modifier les accords de Bretton Woods, et la Loi sur la monnaie, l'Hôtel des monnaies et le fonds des changes.

Bien que ce bill soit assez compliqué, l'idée principale est assez simple. Le Parlement du Canada est autorisé à accepter les modifications apportées aux articles des accords du Fonds monétaire international, ce qui lui permettra de créer et de distribuer à ses membres des fonds de tirage spéciaux, qui s'appellent SDR, en anglais. Ces droits de tirage, qui font partie des réserves internationales, seront au même titre que l'or et certaines devises de réserve, mais on pourra en créer délibérément lorsqu'on en aura besoin. Ainsi, pour la première fois, il sera possible d'exercer un contrôle international délibéré sur le montant de liquidités internationales dans les paiements.

*[Text]*

Of course, a lot of legal language is needed to establish this new function in the institutional framework of an international organization such as the Fund and to build in the necessary safeguards and control devices. A series of new articles are added to the Fund's Charter for this purpose and there are also some consequential changes in the original articles. Furthermore, in this Bill there is a provision for the amendment of the Currency, Mint and Exchange Fund Act to provide the authority for the Exchange Fund of Canada to hold Special Drawing Rights which Canada may acquire when the new scheme is in operation.

## • 1545

The Committee might find it most useful if we comment upon the detailed provisions of the Bill as you come to them clause by clause, but some general background on the International Monetary Fund itself and on the origins of the SDR proposal may be of interest at this point in the proceedings.

The Bretton Woods Conference of 1944 established two new international institutions as part of the overall plan for postwar reconstruction. The World Bank was designed to provide the longterm capital for reconstruction and development, while the Fund was designed to provide a framework for a more satisfactory international monetary system. Members of the Fund, of which there are now 111, oblige themselves to follow certain rules:

(1) To avoid imposing restrictions on international trade and other current payments of the type which had been so common in the 1930's and during the war itself.

(2) To maintain their exchange rates within 1 per cent of their declared par values. Members may change these par values if they are in serious balance of payments difficulties, but only with the approval of the Fund.

(3) To contribute to a pool of gold and currencies which the Fund can lend to members in temporary balance of payment difficulties, thereby helping them to avoid exchange restrictions or unnecessary devaluations.

Each country has a quota in the Fund which reflects its economic size. It pays into the Fund 25 per cent of its quota in gold and 75 per cent in its own currency. When it needs foreign exchange, it can draw from the Fund's pool of other countries' currencies and

*[Interpretation]*

Bien sûr, il faut beaucoup de termes juridiques pour établir cette fonction dans le cadre institutionnel d'une organisation internationale comme le Fonds monétaire et d'édifier aussi les sauvegardes nécessaires et les dispositifs de contrôle. Une série de nouveaux articles sont ajoutés à la charte du Fonds à cette fin, et il y a aussi des changements importants apportés aux articles originaux.

En outre, dans le bill, une disposition prévoit l'amendement de la Loi sur la monnaie, l'Hôtel des monnaies et le fonds des changes pour permettre au Canada d'avoir les droits de tirage spéciaux qu'il obtiendra lorsque le nouveau programme sera en vigueur.

Il serait peut-être utile de commenter les dispositions détaillées du bill, article par article, mais il faut connaître des faits généraux sur le Fonds monétaire international lui-même et sur l'origine de ces droits de tirages spéciaux.

La conférence de Bretton Woods, tenue en 1944, a créé deux nouvelles institutions internationales qui faisaient partie du programme de reconstruction d'après-guerre. La Banque mondiale a été conçue pour fournir des capitaux à long terme pour la reconstruction et le développement, tandis que le Fonds formait un cadre permettant d'avoir un meilleur système monétaire international.

Les membres du Fonds, qui sont maintenant au nombre de 111, s'engagent à suivre certaines règles:

1) éviter d'imposer des restrictions sur le commerce international et autres paiements courants semblables à celles qui se produisaient au cours des années 1930 et durant la guerre.

2) maintenir des taux de change à 1 p. 100 près de la valeur au pair déclarée. Les membres peuvent changer cette valeur s'ils éprouvent de graves difficultés de balance de paiements mais seulement avec l'accord du Fonds.

3) de contribuer au pool de l'or et de devises où le Fonds peut puiser pour prêter aux membres qui connaissent des difficultés temporaires, et ainsi éviter des restrictions de change ou des dévaluations inutiles.

Chaque pays a au Fonds un quota proportionnel à son importance économique. Chaque pays verse 25 p. 100 de ce quota en or et 75 p. 100 en ses propres devises. Lorsqu'il a besoin de devises étrangères, il peut tirer des devises d'autres pays qu'il remplace par ses



*[Texte]*

it provides more of its own currency in exchange. It can borrow the first 25 per cent of its quota virtually automatically. This amount corresponds to its gold subscription and is called the gold tranche. It can borrow additional amounts up to a maximum equal to its quota, but these amounts are known as the credit tranches and are not obtainable automatically. The Fund can, and does, impose conditions on such drawings which are designed to ensure that the country will overcome its payments difficulties and thus be able to repay the Fund as it is required to do within a maximum period of five years.

On the whole, the objectives of the founding fathers of the Fund have been very largely achieved in the last quarter century and the Fund itself has been a successful institution whose activities and reputation have grown. There has been an enormous increase in the volume of world production, trade and payments. At least among the major industrial countries, exchange restrictions on current payments have been largely dismantled and there has been a great reduction in tariffs and other barriers to trade. A considerable degree of exchange rate stability has been maintained. Some of the developing countries have been experiencing greater difficulties, but they have benefited from the substantial assistance which they have received from the Fund, both in the form of credits and in the form of advice and technical assistance.

It may be observed, however, that the Fund was established to provide short-term repayable banking accommodation to its members, not to provide permanent additions to the supply of international money. This did not seem to be a problem at the end of the last War, but, in the last decade, there has been a growing concern that the supply of international liquidity might, at some time in the future, be inadequate to sustain a continued growth in international commerce.

On the one hand, the annual flow of gold from the mines to the world's monetary authorities seemed likely to diminish, both because of a slowing down in the growth of production and because of a rising private demand for industrial and other uses. On the other hand, it seemed unlikely that the flow of U.S. dollars into official reserves could be sustained. For a long time the needs of the rest of the world for reserves had been met by the deficits of the United States which had ended the war with such a disproportionate share of international liquidity, but, by the mid-1960's, it was becoming clear that these deficits could not continue indefinitely without impairing the strength of the dollar.

*[Interprétation]*

propres devises. Un pays peut emprunter les premiers 25 p. 100 de son quota presque automatiquement. Cette somme correspond à son avoir d'or qu'on appelle sa tranche or. Il peut emprunter des sommes supplémentaires jusqu'à concurrence de son quota, mais ces sommes sont connues comme les tranches de crédit et ne s'obtiennent pas automatiquement.

Le Fonds peut et impose en fait des conditions sur ces tirages qui doivent permettre au pays de surmonter ses difficultés de paiement et de rembourser le Fonds dans les délais prévus, soit cinq ans au maximum.

Dans l'ensemble, les objectifs des pères fondateurs du Fonds se sont réalisés depuis vingt-cinq ans et le Fonds lui-même est une institution qui connaît un grand succès et dont les activités et la réputation n'ont cessé de s'accroître. Le volume de la production mondiale, du commerce et des paiements a augmenté sensiblement. Du moins entre les principaux pays, les restrictions d'échange n'existent à peu près plus. Il y a eu de fortes réductions tarifaires.

La stabilité du taux de change a été assez bien maintenue. Certains pays en voie de développement ont connu de plus grandes difficultés mais ont pu bénéficier de l'aide substantielle du Fonds monétaire à la fois sous forme de crédits, de conseils ou d'aide technique.

Il ne faut toutefois pas oublier que le Fonds a été créé pour donner un service bancaire remboursable à court terme et non pas pour ajouter aux devises internationales. Cela ne paraissait pas présenter de difficultés à la fin de la guerre, mais depuis dix ans, on s'inquiète de plus en plus du fait que la quantité de liquidités internationales ne suffira peut-être pas aux besoins par suite de l'expansion continue du commerce international.

D'une part, les flux d'or provenant des mines et remis aux autorités monétaires semblent devoir diminuer à cause de l'expansion plus lente de la production et de la forte demande à des fins industrielles et autres. D'autre part, il semble peu vraisemblable que le flux de dollars américains dans les réserves officielles puisse être soutenu. Pendant longtemps on a pu combler les réserves du reste du monde grâce aux déficits des États-Unis qui détenaient une si grande partie des liquidités internationales à la fin de la guerre; mais au milieu des années 1960, il était déjà clair que les déficits ne pouvaient se poursuivre indéfiniment sans nuire à la force du dollar.

[Text]

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Therefore, discussion began of this prospective new problem of the adequacy of international liquidity. These discussions were pursued in both the Fund and in the Group of Ten, the group of major industrial countries which had agreed to private additional resources to the Fund, if needed. As I reported to this Committee on March 31, 1966, the Finance Ministers and Central Bank Governors of the Group of Ten at a meeting in September 1965 reviewed the international payments situation and decided to undertake what they called contingency planning.

At the annual meeting of the Fund in September 1966, the Executive Directors of the Fund and the Deputies of the Group of Ten were asked to meet jointly and prepare an outline of a scheme for the deliberate creation of international reserves. This outline was agreed upon in time for the 1967 annual meeting in Rio de Janeiro where the Governors of the Fund instructed the Executive Board to formulate a detailed set of amendments on the basis of this outline. You have before you their report which sets out and explains the proposed amendments. The proposed amendments were approved by the Board of Governors by a very large majority last year and member countries are now asked to accept the amendments so that they can come into force.

As the Parliamentary Secretary to the Minister of Finance informed the House on second reading, the amendment has to be approved and accepted by three-fifths of the Fund's membership holding at least 80 per cent of the total votes. As of January 15, 1969 30 countries with 47.72 percent of the total votes had given their approval.

That is my general introductory statement of a background nature, Mr. Chairman, and we are in your hands on how to proceed with any further questions.

**The Chairman:** Is it the intention of Mr. Handfield-Jones to add to your comments?

**Mr. Hockin:** It is the intention that Mr. Handfield-Jones would participate in the discussion and in particular that he would handle most of the questions about the details of the amendments to the articles of agreement when you come to discuss them.

**The Chairman:** Does he intend to make a statement as you have done?

**Mr. Hockin:** Not at this time, no.

**The Chairman:** If there are no objections, gentlemen, we will begin our questions of the government officials.

[Interpretation]

Par conséquent, on a commencé à étudier le problème relativement nouveau de la pénurie des liquidités internationales. Des discussions ont eu lieu au Fonds monétaire et au sein du groupe des Dix, c'est-à-dire les grands pays industriels qui s'étaient engagés à remettre des devises supplémentaires au Fonds.

Comme je l'ai indiqué dans mon rapport au comité le 31 mars 1966, les ministres des finances et les gouverneurs des banques centrales du groupe des Dix, lors d'une réunion en septembre 1965, ont examiné la situation des paiements internationaux et ont décidé d'entreprendre une planification qui permettrait de faire face aux imprévus.

A la réunion annuelle du Fonds, en septembre 1966, les directeurs exécutifs du Fonds et les représentants du groupe des Dix se sont réunis conjointement et ont ébauché un programme pour la création de réserves internationales. Ce programme avait été accepté avant la réunion annuelle de 1967 tenue à Rio de Janeiro où les gouverneurs du Fonds ont demandé au Conseil exécutif de préparer une liste d'amendements en se basant sur ces ébauches. Vous avez en main leur rapport qui énumère et explique les amendements proposés. Ils ont été approuvés par le Conseil des gouverneurs à une forte majorité l'an dernier et les pays membres doivent maintenant accepter les amendements pour qu'ils entrent en vigueur.

Comme le secrétaire parlementaire du ministre des Finances l'a dit à la Chambre au moment de la deuxième lecture, les amendements doivent être acceptés par 60 p. 100 des membres du Fonds qui détiennent au moins 80 p. 100 du total des voix. Au 31 décembre 1968, 27 pays représentant 47.2 p. 100 du total des voix avaient donné leur approbation.

Voilà mon introduction, monsieur le président; nous nous en remettons maintenant à vous pour savoir comment procéder.

**Le président:** Est-ce que M. Handfield-Jones veut ajouter des commentaires?

**M. Hockin:** M. Handfield-Jones sera appelé à participer à la discussion; je pense qu'il sera particulièrement en mesure de répondre à la plupart des questions posées sur les amendements lorsqu'on en discutera.

**Le président:** A-t-il l'intention de faire une déclaration?

**M. Hockin:** Pas pour l'instant.

**Le président:** Sinon, et s'il n'y a pas d'objections, nous pouvons commencer à poser des questions?



[Texte]

**Mr. Gray:** Mr. Chairman, may I propose that we have a reasonable period of general discussion based on the statement which is sort of a synoptic look at the Bill. After we have had this opportunity we could then proceed to look at the Bill clause by clause and to ask questions of Mr. Handfield-Jones and Mr. Hockin as we go along.

I think we might note, if I am not mistaken, that Mr. Handfield-Jones was one of our principal representatives in the negotiations leading to this agreement and I am sure we are pleased to have him together with his Assistant Deputy Minister at the Committee at this time.

**The Chairman:** Is it the intention of the Committee, Mr. Gray, or your intention, when you said we should examine the Bill clause by clause that we should do that before we hear any witnesses from the private sector?

**Mr. Gray:** When I said clause by clause I was referring to the three-stage procedure we have adopted. If you will recall what we did when we were studying the White Paper on Anti-Dumping, we could follow the same procedure with, say, the Special Drawing Rights Scheme. There was an opening statement by Mr. R. Y. Grey after which we had a period of general discussion based on his statement. Once this had exhausted itself we invited Mr. Grey and his colleagues—I am not talking about myself—to give any explanations they wished to give or that we requested with respect to each clause, but we did not vote on the clauses.

After we had these explanations on the record for the benefit of ourselves and those who were following our proceedings, we then heard the outside witnesses we had agreed to hear. Then, finally, we proceeded with our own general debate and the necessary voting on the Bill to return it to the House. I regret that I may not have been sufficiently clear when I said clause by clause. What I meant was a clause by clause explanation.

**The Chairman:** Thank you very much, Mr. Gray, for your comments. Has anyone else on the Committee any comments? We are open for comments.

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**Mr. Saltsman:** I wonder whether it would be pertinent to ask the gentlemen before us today to give us some idea of what the policy alternatives were at the time of the evaluation in 1962. Did we have an alternative to going on a fixed exchange rate and if so, what the consequences of those alternatives would have been? I also wonder if there

[Interprétation]

**M. Gray:** Monsieur le président, puis-je proposer que nous ayons d'abord une discussion générale basée sur cette déclaration qui, en somme, est un bref résumé du bill. Nous pourrions ensuite étudier le bill article par article et poser des questions à MM. Hockin et Handfield-Jones au fur et à mesure.

Sauf erreur, M. Handfield-Jones a été l'un de nos principaux représentants aux négociations qui ont mené à cet accord et c'est un honneur de l'avoir parmi nous aujourd'hui, accompagné de son sous-ministre adjoint.

**Le président:** M. Gray, est-ce que vous ou les membres du comité avez l'intention de commencer l'étude du bill article par article avant d'entendre les témoins du secteur privé?

**M. Gray:** En parlant de l'étude article par article, je faisais allusion à la méthode en trois étapes que nous avons adoptée, si vous vous rappelez bien, pour l'étude du Livre blanc sur l'anti-dumping. Nous pourrions adopter la même procédure pour les droits de tirage spéciaux. M. R. Y. Grey a fait une déclaration suivie d'une discussion générale; ensuite, nous avons invité M. Grey, et ses collègues de nous fournir des explications. Nous n'avions pas voté sur chaque article.

Ensuite, après avoir rendu ces explications publiques pour ceux qui suivaient nos travaux, nous avons entendu les témoins de l'extérieur. Nous avons enfin eu un débat général et nous avons procédé aux votes nécessaires avant de remettre le bill à la Chambre. Je n'ai peut-être pas été assez clair? Je voulais parlé d'une explication article par article.

**Le président:** Merci beaucoup, M. Gray, de cette explication et de ces remarques. Quelqu'un aurait-il quelque chose à ajouter?

**M. Saltsman:** Pourrions-nous demander aux témoins de nous parler des différentes possibilités qui se présentaient lors de la dévaluation de 1962? Avions-nous d'autres choix ou étions-nous obligés d'adopter un taux de change fixe? Au début de l'an dernier, quelles auraient été les conséquences si, au lieu de demander un tirage spécial, nous avions de-

[Text]

were alternatives early last year when we applied for Special Drawing Rights. If we had not done that, but instead had made an application for a floating exchange rate, what would have been the consequences of a policy decision of that type?

**Mr. Hockin:** Mr. Chairman, in 1962 we had been on a floating rate for a number of years. I think it is fair to say that this situation was tolerated by the other members of the International Monetary Fund without any enthusiasm for us, but tolerated because we were not interfering—demonstrably not interfering—in the rate itself and we were not requiring any of the financial support which the Fund makes available. We had not got in any balance of payments difficulties that required us to go to the Fund and ask for support.

They also tolerated us as long as we were the only candidate for this floating rate because the situation was sufficiently stable that others were not being drawn into that practice.

You will also recall that at the time that we were on the floating rate—for most of that time—a very large number of the important members of the International Monetary Fund were still in the process of dismantling the exchange controls they had built up during the pre-war and war periods. You did not have the move to convertibility, as it was called, until the end of the 1950's and for most of that period we were on the floating rate and they were in a very fixed and rigid situation.

At the time we went on to a fixed rate. We went on to it, you will recall, following a period when our exchange rate had fallen precipitously from a premium position. It was part of the policy of the government of the day to give their views publicly about that rate, so that the rate began to fall quite precipitously and in the process it fell to a place where we had to seek support from our friends in the International Monetary Fund to stabilize the rate at a level which was considered appropriate to our circumstances at that time.

The ability of a member of the International Monetary Fund to receive financial support depends upon the way in which that Fund is behaving with relation to the undertakings which, as a member, it had given. One of the undertakings was to maintain its exchange rate within the agreed limits on either side of the parity it had declared. We had not been doing that, but, as I said, as long as we did not require to use the resources of the Fund, it did not become a practical issue.

[Interpretation]

mandé qu'on nous accorde un taux de change flottant?

**M. Hockin:** Monsieur le président, en 1962, nous avions un taux flottant depuis bon nombre d'années. Je pense qu'il est juste de dire que la situation était tolérée par les autres membres du Fonds monétaire international sans aucun enthousiasme mais tolérée dis-je, car nous ne nuisions pas au taux lui-même. Et en plus, nous ne demandions pas l'appui financier que le Fonds peut donner. Nous n'avions pas de difficulté de balances des paiements qui nous forçaient de demander l'appui du Fonds. La situation était tolérée car nous étions le seul pays à avoir un taux flottant. La situation était suffisamment stable et les autres pays ne suivaient pas cette pratique.

Vous vous souviendrez aussi qu'en 1962, lorsque nous avions le taux flottant, un grand nombre de membres importants du Fonds monétaire international étaient encore en train de désamorcer les contrôles des changes, qu'ils avaient instaurés avant et pendant la guerre. Il a fallu attendre la fin des années 50 pour mettre fin à cela. Ils avaient tous des taux fixes et très rigides tandis que nous avions un taux flottant.

Lorsque nous avons eu un taux fixe, vous vous rappellerez, après une période où notre taux de change avait énormément baissé, était passé d'une position de prime à un taux au-dessous du pair, c'était une partie de la politique du gouvernement d'alors de donner publiquement leurs opinions au sujet du taux. Le taux a alors commencé à baisser d'une façon précipitée à un point tel que nous avons dû chercher de l'aide auprès de nos amis du Fonds monétaire international de recevoir un metre de stabiliser le taux à un niveau qui semblait nous convenir dans les conditions de l'époque.

La possibilité acquise aux membres du Fonds monétaire international de recevoir un appui financier dépend des mises de ce pays auprès du Fonds. Et l'un des buts était de maintenir le taux de change dans les limites acceptées avec la parité qui avait été déclarée. Nous ne l'avions pas fait, mais, comme je l'ai dit, nous n'avions pas besoin d'utiliser les ressources du Fonds et ce n'était pas là une issue pratique.



## [Texte]

When it became a practical issue we really had to choose between letting the exchange rate continue to go, not knowing where it would stop, and finding some international financial support that would enable us to stabilize the rate at an appropriate level. It would have been impossible, I believe, for Canada to have received financial support from the IMF as long as it was in derogation of its obligations under the International Monetary Fund to maintain its exchange rate within a certain parity. These were the alternatives at that time.

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**Mr. Saltsman:** An argument is sometimes made that the exchange rate would have found its own level without any assistance which probably would have been somewhere around its present level—the level at which it is fixed. Could you comment on this? If we had not gone for assistance, would the exchange rate have stabilized itself?

**Mr. Hockin:** It is very hard to say, not having experienced the thing, where it would have ended up. It is quite possible that it might have ended up above where it is now. One can speculate, however, as to the process by which it might have got there. It might have declined much further and then come back again. It could have gone through a period of considerable instability and fluctuation.

I might just recall in that connection that for most of the period when Canada was on a floating rate, the actual movements in the rate had been really quite minor until the point at which the rate began to fall quite sharply. So that we had experienced the floating rate during a period when conditions were in our favour, when other people had their own payments very much under control through the continuing exchange controls which had not at that point been dismantled and it is hard to say whether in 1962, after these other countries had moved to a freer system of payments, the rate would have stabilized easily or whether it would have been subject to quite sharp fluctuations.

**Mr. Saltsman:** Possibly this is not a fair question. What about the situation early last year where we went for assistance? Did we really have to have that assistance or, again, could we have considered applying for a return to a floating exchange rate and letting the rate find its own level rather than have it supported? The price of support, presumably, was remaining with a fixed exchange rate.

## [Interprétation]

Mais lorsque ce fut devenu une voie utilisable, il fallait donc choisir entre laisser le taux de change fluctuer librement sans savoir où il s'arrêterait ou trouver un appui financier international qui nous permettrait de stabiliser le taux à un niveau convenable. Il semblait impossible, je pense, pour le Canada, de recevoir de l'aide financière du Fonds monétaire international tant que cette dernière dérogerait de ses règlements, c'est-à-dire de maintenir le taux de change à une certaine parité. C'était les possibilités qui s'offraient alors.

**M. Saltsman:** On a dit par contre que le taux du change aurait atteint son propre niveau sans aide et qu'il serait à peu près là où il est maintenant. Pourriez-vous commenter? Supposons que nous n'ayons pas demandé de l'aide, est-ce que le taux de change se serait stabilisé?

**M. Hockin:** Comme nous ne l'avons pas fait, c'est difficile à dire. Il est for possible que le taux de change serait légèrement plus élevé que maintenant. On peut toutefois spéculer sur les méthodes employées pour en arriver là. Il aurait pu baisser beaucoup plus et ensuite remonter. Le taux de change aurait pu connaître une période d'instabilité et de fluctuations considérables.

Pour la plus grande partie du temps où le Canada avait un taux de change flottant, les mouvements réels étaient minimes jusqu'à ce que le taux commence à baisser de façon sensible. Nous avons eu un taux flottant au cours d'une période où les conditions étaient en notre faveur, lorsque les autres pays ont contrôlé leurs paiements et que les contrôles des changes existaient encore, il est difficile de dire quelle serait la situation si, en 1962, après que les autres pays aient adopté un système de paiements plus libre, le taux aurait beaucoup fluctué ou serait demeuré stable.

**M. Saltsman:** Il est possible que cette question ne soit pas très correcte. Quelle était la situation au début de l'année dernière lorsque nous avons demandé de l'aide? Est-ce qu'il a fallu qu'on nous aide ou bien est-ce que l'on aurait envisagé le retour au taux de change flottant et laissé le taux de change se stabiliser par lui-même, plutôt que de le soutenir. Le prix de soutien, je suppose, est resté attaché au taux fixé.

[Text]

**Mr. Hockin:** My belief, Mr. Saltsman, is that in the circumstances of this last couple of years at least, it was not a practical alternative to consider getting the agreement of the International Monetary Fund to a floating rate. If we had chosen to go on to a floating rate it would have meant, in effect, declaring that we were going to be in contravention of our agreement with the International Monetary Fund. We would have been, in my judgment declared ineligible to use the Fund's financial resources and we would have been on our own, as it were.

**Mr. Saltsman:** Yes. If you are on a floating exchange rate then you are not really concerned about the resources of the Fund. You are accepting the fact that your money will find its own level without any support or with a minimum amount of support. Some of our difficulty has arisen in the past when we have made attempts to support the dollar at some predetermined level of our own choosing rather than have it find its own level as a trader with other currencies.

**Mr. Hockin:** I think that it may be giving a wrong impression to suggest that it is a kind of arbitrary level which is chosen. It is a level which in general opinion is considered to be appropriate to our balance of payments, to our trade, to our competitive position, to our ability to produce as an economy and to our ability to attract capital. All of these considerations enter into a judgment as to whether a rate is appropriate or not.

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I think, therefore, that it is only fair to say that when a rate is defended it must be the judgment of the authorities responsible for the decision that that rate is appropriate to the economic circumstances in which the country finds itself. Otherwise it would consider itself in what the Fund calls, in its jargon, "a state of fundamental disequilibrium" in which the Fund Articles of Agreement suggest that in fact the exchange rate can and should be changed.

That was not the situation in the spring of 1968 as statistics which came out subsequently tended to demonstrate. The situation at that time was, in retrospect, that Canada had a very strong balance of payment situation, but that there were a variety of considerations, many of which arose outside Canada itself, which suggested that the international system might not be able to work sufficiently smoothly for us to be able to maintain that rate. The manner in which we responded at that time was, I believe, very important as a test of the ability of the system to stand up to the shocks which the speculators might bring

[Interpretation]

**M. Hockin:** M. Saltsman, je crois que dans les conditions qui ont prévalu au cours des deux dernières années, au moins, il n'y avait pas d'autre possibilité pratique que d'obtenir l'accord du Fonds monétaire international pour un taux de change mobile. Si nous avions voulu un tel taux de change mobile, en fait cela aurait simplement été contrevenir à notre accord avec le FMI. Et, à mon avis, nous aurions été déclarés inaptes à utiliser les ressources du Fonds. Nous nous serions retrouvés tout seul.

**M. Saltsman:** Oui. Si on a un taux de change mobile on ne peut être visé par les ressources du Fonds. Vous acceptez le fait que vos devises arriveront à un certain niveau par elles-mêmes. Il y a eu des difficultés par le passé lorsque nous avons essayé de maintenir le dollar à un niveau prédéterminé de notre propre chef, au lieu de le laisser se stabiliser de lui-même, par rapport aux autres monnaies.

**M. Hockin:** Il serait peut-être faux de dire que c'est un niveau arbitraire qui est choisi. C'est un niveau qui, de l'avis de presque tous, correspond au niveau de notre balance des paiements, à notre commerce, à notre position concurrentielle, à notre capacité de production et nos aptitudes à attirer le capital. On tient compte de tout cela pour savoir si le taux convient ou non.

Et je crois, donc, en conséquence, que l'on peut dire en toute justice que lorsqu'un taux est défendu c'est parce que les autorités responsables de la décision pensent que ce taux correspond aux circonstances économiques dans lesquelles le pays se trouve. Autrement, le pays se trouverait dans un état de déséquilibre fondamental, comme on le dit au FMI, en vertu duquel les règlements du Fonds préconisant le changement du taux de change.

La situation n'était pas telle au printemps 68. Les chiffres qui ont été publiés plus tard ont tendu à prouver que la situation à ce moment-là était rétrospectivement telle que le Canada avait une situation très forte en matière de balance des paiements mais qu'il y avait un certain nombre de considérations, dont beaucoup venaient de l'extérieur du Canada, qui nous ont donné l'impression que le système financier international ne fonctionnait pas suffisamment bien pour que l'on maintienne ce taux. La façon dont nous avons réagi à ce moment là, était je crois très importante. C'était une évaluation des possi-



[Texte]

to bear upon it and the willingness of the other countries, who are our partners in the International Monetary Fund and in the Group of Ten, to give us the support we needed to maintain that exchange rate was, I believe, evidence of their belief that the importance of maintaining a rate which was demonstrably one of equilibrium rather than disequilibrium and therefore appropriate to the country's economic circumstances, was necessary for the workings of the whole international system.

**Mr. Saltsman:** Why does the IMF consider it so important to have would trade conducted on the basis of fixed exchange rates rather than to have all the rates floating and adjusting from day to day with, let us say, other institutions creating the stability?

**Mr. Hockin:** I think, Mr. Saltsman, that you must cast your mind back to the time at which the original Articles of Agreement were negotiated, which was before the end of the Second World War, in 1944, when the memories of many of those people who were negotiating the Agreement—the representatives of all the countries concerned—were very green about the state of affairs in the 1930's, when, in fact, there was a system of, in effect, floating rates.

They remembered very well the way in which many countries manipulated their rates as a kind of "beggar their neighbour" policy and in which people were going through a series of competitive devaluations in order to maintain their share of world trade and all the rest of it. They felt that that system had become so chaotic and had resulted in such a diminution of trade between countries and, therefore, in such a decline in employment and levels of output that they did not want to have that continued.

They wanted to have some system which would provide the kind of stability of exchange rate relationships which would enable countries and businessmen within those countries, to plan their own activities with some assurance that the rates on which they were making their initial decisions would be in operation when they came to deliver the goods.

I must remind you that the present International Monetary Agreement does not prevent changes in exchange rates at all. It provides a system within which exchange rate changes must be agreed upon by one's trading partners.

Actually the fundamental price in a country's whole economic system is its relation-

[Interprétation]

bilités du système à réagir contre les pressions exercées par les spéculateurs, et la volonté des autres pays qui sont nos partenaires au FMI et au Groupe des Dix de nous fournir le soutien dont nous avions besoin pour maintenir ce taux de change. Et cette bonne volonté a bien montré, je crois, que ces pays n'étaient pas inquiets, qu'il fallait maintenir un taux dont on pouvait prouver que c'était un taux d'équilibre et non un taux de déséquilibre et qui correspondait à la situation économique du pays permettant au système monétaire international de fonctionner.

**M. Saltsman:** Pourquoi le FMI considère-t-il qu'il est aussi important que les échanges mondiaux fonctionnent avec des taux d'échange fixes, plutôt d'avoir des taux de change flottants s'ajustant au jour le jour, avec, disons, d'autres institutions chargées d'assurer la stabilité.

**M. Hockin:** M. Saltsman devrait se reporter à l'époque où les premiers articles des arrangements ont été négociés, c'était avant la fin de la deuxième guerre mondiale, en 1944 lorsque la mémoire de beaucoup de participants aux négociations, les représentants de tous les pays intéressés étaient tout à fait conscients de la situation des années 30 lorsqu'il y avait en fait, un système de taux flottants.

Ils se rappelaient très bien la façon dont de nombreux pays avaient manipulé leur taux de change afin de mendier à leur voisin, et de la façon dont les peuples se sont fait concurrence en matière de dévaluation pour maintenir leurs places sur le marché mondial etc... etc... Ils pensaient que ce système était devenu si chaotique et avait entraîné une telle diminution des échanges entre les pays, et ainsi, un tel déclin de l'emploi et du niveau de production, que ces négociations ne voulaient pas qu'un tel système se maintienne. Ils voulaient, au contraire un système qui assurerait une stabilité du taux des changes qui permettrait aux pays et aux hommes d'affaires de ces pays de prévoir leurs activités avec l'assurance que les taux sur lesquels ils baseraient leurs décisions initiales seraient toujours le même lorsqu'ils livreraient leurs marchandises.

Je dois vous rappeler que l'accord international monétaire actuel n'empêche pas de changer le taux des changes. Il prévoit un système dans le cadre duquel les modifications de taux doivent être acceptées par les partenaires commerciaux des pays qui décident cette évaluation.

On a considéré qu'il était vital que le prix fondamental, dans un pays, doit être basé sur

## [Text]

ship to other countries and this becomes more important as the share of a country's production, dependent upon trade, increases. It is a very important price relationship and it was considered desirable that any of these changes in this fundamental relationship between countries should be possible not just through unilateral action by one country, but by general agreement of the other trading partners who would be concerned with the other side of the relationship. So the International Monetary Fund provides the form and the rules of the game under which any changes in exchange rates may be made.

## • 1610

**Mr. Saltsman:** Then the objection was not so much against a floating exchange rate as it was about the manipulation of the exchange rate. Is this a correct interpretation?

**Mr. Hockin:** I would say that it was considered that the likelihood of countries being unwilling to intervene in a system of floating rates was not very likely and, therefore, it was considered desirable to have the fluctuations limited in size—that was the reason for having the 1 per cent on either side of parity—and to have any changes in the fundamental parity subject to agreement rather than unilateral action.

**Mr. Saltsman:** Are not some of these manipulations taking place even now under fixed exchange rates where currencies are not really reflecting their real value? In some cases they are higher than they should be and in some cases they are lower than they should be. Some countries are using various means of promoting exports in an attempt to get around the inhibitions of a fixed rate?

**Mr. Hockin:** I would say, Mr. Saltsman, that countries, of course, must intervene in the exchange markets not just at the limits of the 1 per cent on either side and that in the interest of orderly exchange rates—exchange markets—they must intervene whenever there are sudden bursts of activity in one direction or the other, just as we did when we were on a floating rate. The Exchange Fund was active in the market, it just did not lean against the market, but it was in there on both sides of the market depending upon market circumstances at the time. In that respect, yes, countries are intervening in the markets, but they are not, as it were, pushing the rate one way or another.

Your question about the appropriateness of different exchange rates now in existence

## [Interpretation]

sa relation envers les taux des autres pays. Ceci devient plus important, lorsqu'une partie de la production d'un pays dépend de l'accroissement des échanges. C'est un rapport de prix très important et on a considéré qu'il était souhaitable que tout changement dans ces rapports fondamentaux entre les pays soient possibles, non par une action unilatérale d'un pays, mais par un accord général des autres partenaires commerciaux. Ainsi le fonds monétaire international prévoit la forme et les règles du jeu grâce auxquelles on peut effectuer des changements du taux.

**M. Saltsman:** Donc on ne s'opposait pas tellement à un taux flottant plutôt qu'à une manipulation du taux des changes. Est-ce là une interprétation correcte?

**M. Hockin:** Je voudrais dire que l'on a considéré la probabilité que des pays soient prêts à ne pas intervenir dans un système de taux de change flottant, n'a pas été prise très au sérieux. C'est pourquoi on a considéré qu'il était souhaitable que les fluctuations soient limitées dans leur amplitude. C'est la raison pour laquelle on a accepté qu'il y ait 1 p. 100 de plus ou de moins, et que les changements fondamentaux de la parité soient décidés à la suite d'accords plutôt que de façon unilatérale.

**M. Saltsman:** En fait, certaines de ces manipulations n'ont-elles pas toujours lieu, même avec les parités fixes, où certaines monnaies ne reflètent pas leur véritable valeur, et dans certains cas ne sont-elles supérieures à leur valeur réelle, et parfois inférieures à leur valeur réelle. Certains pays n'usent-ils pas divers moyens pour encourager les exportations afin de contourner les restrictions qui leur sont imposées par les taux fixes.

**M. Hockin:** Monsieur Saltsman, je vous répondrais que les pays doivent intervenir sur le marché des changes non à la limite de 1 p. 100 en plus ou en moins et que, dans l'intérêt d'un taux de change ordonné ou d'un marché des changes ordonné, ils devraient intervenir lorsqu'il y a une soudaine poussée dans un sens ou dans l'autre. Tout comme nous le faisons lorsque nous avons un taux de change flottant. A cet égard, le Fonds des changes fut actif dans le marché. Il ne joue pas contre le marché, mais influençait le marché dans les deux sens selon les circonstances. Dans ce cas, les pays interviennent sur les marchés, mais ils ne poussent pas, comme c'était le cas, le taux de change d'un côté ou de l'autre.

Votre question concernant la justification des différents taux en cours à l'heure actuelle



## [Texte]

really directs itself to whether some countries are trying to maintain an exchange rate which is not in accordance with its fundamental economic position in the world and this, of course, is a matter of judgment about the behaviour of individual countries, and there are 111 member countries in the IMF. I would hesitate to say that every one of those countries has, at the moment, the exchange rate which is absolutely appropriate for it. However, on the other hand, I think it is fair to say that the basic experience that we have had in the International Monetary Fund is that, by and large, the exchange rates which are defended over a period of years have on balance those appropriate to the circumstances of the country.

Mr. Handfield-Jones would like to add a few remarks at this point, if that is agreeable, Mr. Chairman.

**The Chairman:** Yes, Mr. Handfield-Jones.

**Mr. S. J. Handfield-Jones (Director of International Finance, Department of Finance):** Thank you, Mr. Chairman. I would like to add something to the replies which Mr. Hockin has given to the line of questioning which Mr. Saltsman has been raising.

I think his questions about the exchange rates regime or system under which the International Monetary Fund now operates, indeed, reflects the growing interest, the growing discussion and debate which is taking place in the world at large on this question. I think perhaps we could respond rather more fully to some of these general questions, and particularly the way in which this particular proposal fits in the whole complex of ways in which balance of payments are kept in equilibrium, after we have talked about the nature of this proposal.

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However, I do think it might be appropriate at this stage if I did comment briefly on the subsequent experience of the Fund with regard to attitudes by countries themselves towards their own exchange rates. As Mr. Hockin has pointed out, the present Fund was designed against a background of great disorder in the International Monetary System in the period between the wars in which predatory devaluations were only too common.

Certainly the experience of the last decade in the Fund has not been one in which countries have approached the Fund wanting to change their exchange rates and the Fund has been forced to say, no, this is not justified. The situation has been rather the reverse. Countries have demonstrated a very

## [Interprétation]

est une question de savoir si certains pays qui ont des taux d'échange qui ne correspondent pas à leur position réelle sur le marché mondial, et une question de jugement concernant ces pays.

Il y a 111 membres dans le FMI, et je ne dirai pas que chacun de ces pays a le taux d'échange qui correspond exactement à sa situation, mais par contre, je pense qu'il est juste de dire que ce qui s'est produit essentiellement au Fonds Monétaire International est que, dans l'ensemble les taux des changes qui sont défendus, au cours des années, dans l'ensemble ont correspondu aux conditions dans lesquelles se trouve un pays. Monsieur Handfield voudrait ajouter quelque chose dans ce sens; si vous le voulez bien M. le président.

**Le président:** Vous avez la parole, M. Handfield-Jones.

**M. S. J. Handfield-Jones (directeur des Finances internationales, ministère des Finances):** Merci, M. le président, je voudrais ajouter quelque chose aux réponses que M. Hockin a données à M. Saltsman.

Il s'agissait des questions au sujet du taux d'échange, du régime ou du système du taux des changes en vertu desquels le FMI fonctionne. Elles reflètent l'intérêt des débats de plus en plus large à travers le monde, à ce sujet. Nous pourrions peut-être répondre plus complètement à ces questions d'ordre général et particulièrement en ce qui concerne cet élément par rapport à l'ensemble, et comment les balances des paiements sont maintenues en équilibre, après avoir parlé de la nature de cette question.

Cependant, il serait peut-être bon à ce stade que je vous parle des expériences subséquentes du Fonds, en particulier en ce qui concerne l'attitude des différents pays vis-à-vis de leurs propres taux de change. Comme l'a fait remarquer monsieur Hockin, le Fonds a été conçu à un moment où il y avait un grand désordre sur le marché monétaire international. Il s'agissait de la période d'entre-deux guerres pendant laquelle les dévaluations étaient bien trop communes.

Certainement que l'expérience de la dernière décennie du FMI, n'en a pas été une seulement où les pays se sont mis en rapport avec le Fonds uniquement pour changer leurs taux de change, et où le FMI s'est trouvé dans l'obligation de dire non. C'est plutôt le

*[Text]*

high degree of reluctance to use the powers they have within the Articles of Agreement to change their parities. This reluctance, I think, stems from the point which Mr. Hockin made that the exchange rate is an extraordinarily important variable in the entire economic system and changes in it are going to have effects which may be beneficial, but which may also be undesirable. For example, devaluations tend to have the effect of increasing the costs of foreign products and they tend to have the effect of worsening the terms of trade and reducing real incomes in the country.

On the other hand, appreciations of the currency tend to affect adversely the competitive position of the countries' industries, vis-à-vis industries in other countries, and these consequences may be so unwelcome that countries are reluctant to use the powers they do have. Certainly I think one of the lessons which can be drawn from this experience is that countries regard their exchange rates as so important to their whole economic position and development that they wish to retain a substantial degree of control over their exchange rate and its changes so that in the short run this control has to be exercised by official intervention in the exchange market which does require reserves. I think this is why concern about the adequacy of an international liquidity is a legitimate question within the framework of almost any kind of exchange rate mechanism which countries are likely to accept. I wonder if this has been helpful to Mr. Saltzman.

**The Chairman:** Thank you. Mr. Saltzman.

**Mr. Saltzman:** I have some other questions.

**The Chairman:** Yes, and for that reason I wish to bring to your attention that it is my intention to follow the procedure we used at previous meetings of allotting so many minutes to each member so that every member will have an opportunity to ask questions.

**Mr. Saltzman:** I anticipated your decision, Mr. Chairman.

**The Chairman:** I have Mr. Danson's name, followed by Mr. Gillespie and Mr. Kaplan.

**Mr. Danson:** Mr. Chairman, my series of questions is really procedural on the whole matter of relevance and the competence, frankly, of this Committee to deal with this matter.

First of all, I would like to ask, what are our powers to modify this legislation in any way in relationship to our obligations to other trading partners or other members of the International Monetary Fund? Must it be

*[Interpretation]*

contraire qui s'est produit. Les pays ont éprouvé la plus grande répugnance à se servir de leurs pouvoirs en application de l'accord pour changer leur taux de change. Cette répugnance vient de ce dont a parlé M. Hockins. Le taux de change est une variable extrêmement importante de l'ensemble du système économique, et les changements de ce taux auront des répercussions qui pourront être, soit bonnes, soit assez mauvaises. Par exemple, la dévaluation tend à augmenter le coût des produits étrangers. Elle empire les conditions commerciales dans un pays et réduit ses revenus réels.

Par contre, si l'on augmente le taux de l'échange, le pays se trouve dans une situation désavantagée par rapport à l'étranger. Ces répercussions peuvent être si malheureuses que les pays éprouvent la plus grande répugnance à faire appel aux pouvoirs dont ils disposent. Une des leçons que l'on puisse tirer certainement de cette expérience, est la suivante: c'est que les pays considèrent leur taux de change si important, en ce qui concerne leur développement et leur situation économique, qu'ils souhaitent conserver un large contrôle sur leur taux de change et sur ses variations. Et à court terme, ce contrôle doit être exercé de la façon suivante, en intervenant sur le marché des devises en se servant des réserves. Cette question, en ce qui concerne le fonctionnement du système, est parfaitement légitime dans le cadre de presque n'importe quel système d'échange accepté par les pays. Cela nous a-t-il aidé, monsieur Saltzman?

**Le président:** Merci. Monsieur Saltzman.

**M. Saltzman:** J'ai d'autres questions.

**Le président:** Jevoudrais attirer votre attention sur le fait que je voulais suivre la procédure suivante: donner un certain nombre de minutes à chaque député pour leur permettre de poser leurs questions.

**M. Saltzman:** J'avais envisagé votre décision.

**Le président:** M. Danson, suivi par M. Gillespie et par M. Kaplan.

**M. Danson:** Monsieur le président, ma série de question se rapporte à la pertinence et à la compétence de ce Comité pour discuter de cette question. Je voudrais savoir quels sont nos pouvoirs. Est-ce que nous pouvons modifier cela, compte tenu de nos partenaires ou des autres membres du F.M.I.? Faut-il l'accepter tel quel ou est-ce que nous pouvons le modifier?



[Texte]

accepted intact or is it subject to any revision?

**Mr. Hockin:** Mr. Chairman, the short answer to that question is that this is a highly negotiated document with all the other 110 countries and I am afraid it is in a position where it has to be accepted as it is or rejected.

• 1620

**Mr. Danson:** Thank you, Then the whole problem really is the context of our questioning, the questions and the answers have been most interesting, if not stimulating but I do not know if the Committee really has any idea of how they fit into this particular Bill.

I would suggest it might be helpful if we have some more background and general discussion on the Bill. I do not know if the steering committee has allotted sufficient time for our study of the Bill before we report it back to the House to enable us to become sufficiently competent really to make truly valid judgments in relation to this. I think perhaps in this case we would have to leave the basic decisions of the details to the technicians—the people who really understand what they are talking about in this respect—and if we accept it in principle and in total concept then we must accept the whole Bill. Otherwise we could sit here and have a series of economic lectures which, although they may be very worthwhile, would not give us any degrees when we were finished and which delay our dealing with the other business of the Committee which I think is rather important. I think we could spend a great deal of time here with very little effect. I would think that all this Committee could do would be either to accept or to reject this legislation after we understand the basic underlying principles and have faith in the technicians.

**Mr. Lambert (Edmonton West):** We do not have your degree of office science, Barney, so perhaps we would like to have some examination of the movement that has happened in the last two or three years and some of the reasons for it. I think it is of considerable importance to members, even though we are not going to be able to change it. It might be interesting to understand it.

**Mr. Danson:** I am suggesting that we have a much more general outline of what is proposed by the Bill and then somewhat more specific details furnished by the officials.

**The Chairman:** Mr. Gray.

**Mr. Gray:** Might I just comment on the points raised by Mr. Danson? Technically, it

[Interprétation]

**M. Hockin:** Monsieur le président, il s'agit, en un mot, d'un document qui a été rigoureusement négocié par les cent dix pays. Il doit être accepté sous sa forme actuelle ou il doit être rejeté.

**M. Danson:** Merci. Ma question est donc la suivante: le contexte de nos questions, les questions et les réponses ont été très intéressantes, sinon stimulantes. Je ne sais pas si le Comité a la moindre idée de la façon dont elles se rapportent à ce bill.

Il serait peut-être bon qu'on nous donne davantage l'historique du bill. Je ne sais pas combien le Comité directeur nous a donné. Nos présidents devront faire rapport à la Chambre. Je me demande si nous aurons suffisamment de temps pour devenir suffisamment compétents pour formuler un jugement valable. Dans ce cas, nous devrions laisser la décision en détail aux techniciens. Si nous admettons cela, nous devons accepter le bill dans son ensemble. Sinon, nous aurons des conférences économiques qui seront très valables mais qui ne nous permettront pas d'aborder les autres travaux du Comité, également très importants. Nous passerions alors beaucoup de temps ici, sans en tirer grand-chose. Je pense que le Comité pourrait accepter ou rejeter ce bill, après en avoir compris les grandes lignes, sur la foi des spécialistes.

**M. Lambert (Edmonton-Ouest):** Nous n'avons pas vos connaissances, Barney. Aussi pourrions-nous, examiner l'évolution des deux ou trois dernières années, les fluctuations, c'est très important pour les députés. même si nous ne sommes pas en mesure d'apporter des modifications, ce sera intéressant de comprendre.

**M. Danson:** Je pense qu'on devrait nous donner une idée générale de l'objectif du bill, et ensuite quelques précisions supplémentaires.

**Le président:** M. Gray.

**M. Gray:** Je voudrais répondre à ce qu'a dit M. Danson. Techniquement, il est vrai que ce

*[Text]*

is true that this Committee has the powers given us by the rules with respect to this Bill in exactly the same terms as with respect to any other bill. However, as Mr. Hockin has pointed out, the Bill represents a package negotiated with a number of other countries and we are put in the position, as we are with almost any other matter involving the implementation of an international agreement, of, in effect, accepting it as a package or rejecting the package and either not participating in the international undertaking or attempting to do something which, in this case, would be unrealistic because it would involve some form of renegotiation.

Therefore, while we have to look upon this as a package, at the same time I regret that I cannot agree with Mr. Danson, but with Mr. Lambert, that we simply accept or reject the principle. These proposals are linked up with a number of questions of broad interest in the country although they may not be of grass roots interest, but I think we can perform a very useful role, within reasonable limits, of course, in making sure that we as elected representatives of the Canadian people, and the general public, who will be following our proceedings through the press which is covering our meetings and through reading the printed proceedings, will have a better understanding of the very important issues which are attached to and surround these proposals.

As far as getting further details in a general way of what the Bill is intended to accomplish, frankly, we have had three opportunities for this already. I refer to my own two modest efforts in the House of Commons on the resolution stage and on second reading. The first of these efforts was an attempt to give an over-all view of the Bill in some detail. I took the liberty of sending around Xeroxed copies of these remarks at the same time I distributed the report by the Executive Directors. The third attempt to give an over-all picture of the proposals was made, I think, with some success by Mr. Hockin, supplemented by Mr. Handfield-Jones when we began the meeting.

It would seem to me that we should make use of the opportunities given, not only to express our judgment on the package that is involved in the Bill, but also to broaden our own understanding and that of the public of the very important issues that surround these proposals. As far as having a further general presentation of the proposals themselves is concerned, with all due respect, I submit we have had three general presentations already.

*[Interpretation]*

Comité a les pouvoirs qui nous ont été donnés par le règlement en ce qui concerne ce bill, exactement dans les mêmes conditions que pour n'importe quel autre bill. Cependant, ce bill représente un ensemble qui a été négocié avec d'autres pays, et nous serons dans une situation qui est à peu près la même que celle dans laquelle nous nous trouvons pour tous les autres accords internationaux. Nous pouvons accepter ou refuser l'ensemble, et il serait peu réaliste d'envisager de nouvelles négociations à ce sujet.

Nous devons considérer cela comme un tout et en même temps, j'ai le regret de ne pouvoir être d'accord avec M. Danson.

Je suis plutôt d'accord avec M. Lambert. Je ne pense pas qu'il faille accepter ou refuser le principe. Cet accord présente un grand intérêt pour le pays même s'il n'intéresse pas la base. Nous pouvons donc jouer un rôle important. Nous pouvons nous assurer que nous, en tant que représentants des Canadiens, et du grand public, qui suivront nos délibérations par l'intermédiaire de la presse qui écrit des articles au sujet de nos délibérations, comprenions mieux les problèmes en cause. Pour avoir les détails, nous avons trois possibilités.

J'ai essayé, à l'étape de la résolution, et en deuxième lecture, j'ai essayé très modestement d'expliquer à la Chambre de quoi il s'agissait. D'abord, j'ai essayé de donner des détails du bill et j'en ai distribué des photocopies, en même temps que le rapport des directeurs exécutifs. J'ai essayé en troisième lieu de donner une idée des propositions. M. Hockin nous a donné des détails, M. Handfield-Jones également nous a donné des précisions lorsque nous avons ouvert la séance.

Il me semble donc que nous devrions profiter des possibilités qui nous sont offertes non seulement pour donner notre avis au sujet de l'ensemble, mais également pour mieux comprendre et mieux faire comprendre au public les questions très importantes liées à ces propositions. Nous pourrions avoir une discussion générale, une présentation générale, pardon, des propositions elles-mêmes. En toute déférence, je crois que nous avons eu trois présentations d'ordre général.



[Texte]

**The Chairman:** With regard to your other question, Mr. Danson, on a time limit, may I say there was no question of a time limit discussed at the meeting of the steering committee. As you are aware, Standing Order 16-A was not accepted by the House.

**Mr. Danson:** No, I wondered whether or not we were expected to report to the House within a given time.

**The Chairman:** No, the Bill was referred to this Committee by the House of Commons and there was no time limit placed on our deliberations—

**Mr. Danson:** Yes.

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**The Chairman:** ...to report to the House of Commons.

**Mr. Danson:** Then, I return to my original question and I think the expression is "within reasonable limits". It would seem to me that we did have some of these things presented and in all realism if the Committee system is going to work effectively, I think we have to have things presented to us reasonably well in advance and in a form that can be absorbed, bearing in mind that we have a great deal of other reading to do. Perhaps I am missing the point here somewhere.

**The Chairman:** No.

**Mr. Danson:** I would suggest that I am not a minority on the Committee in attempting to become really familiar with what we are trying to get at here. Once we understand the basic principles and once we have had an opportunity to read all the literature—some has been distributed to us now but I am afraid I did not get mimeographed copies, I got this green book which was terribly interesting—we should then be able to either accept or reject the Bill. I did take the green book home on the week-end and attempted to read it in bed, but if one tries to read: "...the power to make transfers, the general reserves and the existing or any other special reserve will, without prejudice, to any future decisions on the maintenance or termination of the Fund's investment..." at 2 o'clock in the morning in bed you cannot absorb it too well after sitting in the House of Commons or in Committees all day long as well as working with the people.

**Mr. Gray:** Mr. Danson, that is not necessarily the best activity at 2 o'clock in the morning in the place you have mentioned. However, may I just comment briefly. Perhaps it was the fault of my office, but there

[Interprétation]

**Le président:** Avez-vous d'autres questions monsieur Danson au sujet... Le comité directeur n'a pas fixé de date limite. Le règlement 16-A n'a pas été accepté par la Chambre.

**M. Danson:** Sommes-nous tenus par un délai pour faire rapport à la Chambre?

**Le président:** Non. Il n'y a pas eu de date limite.

**M. Danson:** Oui.

**Le président:** Nous pouvons faire rapport à la Chambre quand nous le voudrons.

**M. Danson:** J'en viens donc à mes questions générales. Je crois que l'expression est: «dans un délai raisonnable». Et si le système des Comités doit bien fonctionner, il faut qu'on nous présente ça à l'avance et sous une forme utilisable. Il ne faut pas oublier que nous avons d'autres choses à étudier. Je n'ai peut-être pas bien compris à un certain moment.

**Le président:** Non.

**M. Danson:** Je ne pense pas faire partie de la minorité lorsque je dis que nous essayons de comprendre le point de la question.

Lorsque nous aurons la possibilité de savoir exactement de quoi il s'agit,—je n'ai pas obtenu de photocopie, j'ai reçu ce livre vert si intéressant,—on pourrait accepter ou rejeter le bill. J'ai emporté le livre en fin de semaine à la maison, mais en absorber certains passages au lit à 2h du matin, après une journée passée à la Chambre ou en comité, ce n'est pas possible.

**M. Gray:** Monsieur Danson, ce n'est peut-être pas la meilleure activité possible à deux heures du matin, en particulier au lit. Mais permettez-moi quelques réflexions. Peut-être l'erreur vient-elle de mon bureau, mais l'on

[Text]

was supposed to be enclosed with this rather complex document xeroxed copies of the statements I made on the resolution stage and on second reading. They were supposed to be enclosed and these statements for which I do not claim complete authorship with all frankness were designed to provide over-all and more or less simplified statements of the proposals.

I think we should stop for a moment and refresh our memories as to what we are doing here right now. The stage we are at right now is not for the purpose of debating and adopting the clauses of the Bill, but to get the very explanations which you feel we still need to have before completing our considerations and this is what we are doing now. We are, in effect, having a briefing session which is held in public for the benefit of not only the members, but of the press and those who will be reading our printed proceedings, we are not being called upon at this moment to vote upon the clauses of the Bill. On the contrary, your Committee agreed this morning to accept the report of the steering committee to proceed in three stages, the first of which we are in now and this first stage is for the purpose of explanation, background and clarification.

**Mr. Danson:** Yes, that is what I am asking for—background and clarification—before we begin our questioning on specific points so that when we do ask our questions they are in proper context.

**The Chairman:** But, Mr. Danson, other complicated resolutions have been sent to this Committee, for instance, the White Paper on Anti-Dumping. Perhaps for you it was easier to understand, because of your way of life and your business, but for other members it was a very hard thing to understand. However, after many meetings they were more knowledgeable.

**Mr. Danson:** Yes, as a matter of fact that is one of the reasons I brought it up. I felt that, had we had even a short briefing session at the beginning of those 22 meetings, possibly we might have absorbed more in the 22 meetings or completed our study in 11 meetings.

**The Chairman:** Have you any other questions, Mr. Danson?

**Mr. Danson:** No, thank you.

**Mr. Gillespie:** I would not like to leave this subject without adding my own comment to Mr. Danson's. I sympathize completely with his view. I think it is asking a great deal of a

[Interpretation]

aurait dû vous donner avec ce document très complexe une photocopie du texte des déclarations que j'avais faites au moment de la résolution et en deuxième lecture. A vrai dire, ce n'est pas moi qui ai rédigé entièrement ces déclarations. Mais elles avaient en tout cas pour but de présenter les propositions dans leur ensemble et sous une forme simplifiée.

Je pense que nous devons nous rafraîchir la mémoire au sujet de ce nous faisons ici. Pour le moment, nous n'avons pas à débattre et à adopter les articles du Bill, mais nous essayons simplement d'obtenir les explications qui nous sont nécessaires avant de terminer l'étude du Bill. C'est ce que nous faisons maintenant. En fait, c'est une séance d'information tenue en public, à l'intention non seulement des députés, mais aussi de la presse et de ceux qui liront le compte rendu de nos délibérations. Il n'est pas question de voter dès maintenant sur les dispositions du Bill. Le Comité a accepté ce matin la proposition du comité de direction, qui consiste à procéder en trois étapes. Nous en sommes à la première étape, celle des éclaircissements et des explications.

**M. Danson:** Oui, c'est ce que je demande: des éclaircissements et des explications, de sorte que, lorsque nous commencerons à poser des questions précises, elles soient placées dans le contexte approprié.

**Le président:** Mais, monsieur Danson, ce n'est pas la première fois que le Comité a des documents complexes à étudier. Par exemple, il y a eu le Livre blanc sur l'antidumping. Peut-être que pour vous, c'était facile à comprendre puisqu'il s'agissait de questions dont vous avez l'habitude. Mais pour les autres députés c'était très compliqué. Toutefois, je crois qu'après bien des séances ils étaient beaucoup mieux au courant.

**M. Danson:** C'est bien pour cela que j'en parle. Il me semble que, si nous avions eu une courte séance d'introduction au début de ces 22 séances, nous en aurions peut-être appris davantage au cours de ces 22 séances, ou nous aurions pu réduire à 11 le nombre des séances.

**Le président:** Avez-vous d'autres questions, monsieur Danson?

**M. Danson:** Non, merci.

**M. Gillespie:** Je voudrais ajouter mes propres réflexions, monsieur le président. Je suis d'accord avec M. Danson. J'estime que c'est demander beaucoup d'un comité que de lui



[Texte]

Committee to deal with a highly complicated piece of legislation; to present to them as was presented to us this morning something which runs presumably to 100 pages here and something else which appeared from Mr. Gray's office not very long ago running to 70 pages: the Bill itself, several other pamphlets and we have been informed that more are to come. I think it is asking a lot of the Committee members to expect them to be able to dig right in on an instantaneous basis. We are not instant experts. We have to be given time, so I share some of his feelings on this.

• 1630

I have one other suggestion which I think would be helpful and I would like to put a question to Mr. Hockin based on this suggestion. I wonder if he could indicate in the Bill before us—this might give the kind of focus that Mr. Danson was talking about—what part of the Bill represents the international commitment and what part might be considered discretionary in the sense that it involves drafting and changes to enact within our own competence?

**Mr. Handfield-Jones:** May I answer that, Mr. Chairman?

**The Chairman:** Yes.

**Mr. Handfield-Jones:** This Bill essentially has two parts, very unequal in size. The first 13 clauses of the Bill contain the amendments to the Articles of Agreements of the International Monetary Fund which were, of course, part of the original Bretton Woods Agreements Act.

**Mr. Gillespie:** Up to what page?

**Mr. Handfield-Jones:** This goes through to page 45. This is the part of the Bill which is the nature of a treaty and can be accepted or not by each member country. It was set up, I might say, deliberately this way as a single amendment to the Fund, because it was, of course, a carefully balanced negotiated document.

The second part of the Bill is the very small clause 14 which amends Canada's own Currency, Mint and Exchange Fund Act and provides the specific authority for the holding of Special Drawing Rights by Canada. This, of course, is of a different character than the main part of the Bill.

**Mr. Gillespie:** I think that answers my question. May I ask some other questions now, Mr. Chairman?

[Interprétation]

demandeur d'étudier un projet de loi aussi complexe, un projet comme celui qu'on nous a présenté ce matin. Cela représente une centaine de pages, et, du bureau de M. Gray, nous avons reçu récemment un document d'environ 70 pages. On nous a remis le Bill lui-même et divers autres documents, et l'on nous a dit qu'il y en aurait d'autres. On demande donc beaucoup des membres du Comité si l'on s'attend à ce qu'ils se plongent là-dedans de façon instantanée. Nous ne sommes pas des experts, et il nous faut du temps pour comprendre. Je partage donc en partie l'avis de M. Danson à cet égard.

Il y a une autre chose qui, à mon avis, nous serait utile. J'aimerais, à cet égard, poser une question à M. Hockin. Pourrait-il nous dire—et c'est peut-être en partie de cela que M. Danson parlait—quelle est la partie du Bill qui représente l'engagement pris en vertu de l'accord international, et quelle en est la partie discrétionnaire en ce sens que nous avons pouvoir de la rédiger et de la modifier à notre gré?

**M. Handfield-Jones:** Monsieur le président, puis-je répondre?

**Le président:** Oui, bien sûr.

**M. Handfield-Jones:** Le Bill se divise essentiellement en deux parties, dont l'une est beaucoup plus longue que l'autre. Les treize premiers articles du Bill contiennent les modifications apportées aux articles des accords du Fonds monétaire international, qui faisaient bien sûr partie de la Loi originale sur les accords de Bretton Woods.

**M. Gillespie:** Cela va jusqu'à quelle page?

**M. Handfield-Jones:** Jusqu'à la page 45. C'est la partie du Bill qui est de la nature d'un traité et peut être acceptée ou non par chaque pays membre. On l'a volontairement présentée comme une seule modification au Fonds, car c'était, bien sûr, un document négocié établi avec beaucoup de soin.

La deuxième partie du Bill est l'article 14, qui modifie notre propre Loi sur la monnaie, l'Hôtel des monnaies et le fonds des changes et qui fournit l'autorisation précise nécessaire pour la détention par le Canada de droits de tirage spéciaux. Ceci est, bien sûr, d'une nature tout autre que la partie principale du Bill.

**M. Gillespie:** Cela répond bien à ma question. Puis-je poser d'autres questions, monsieur le président?

[Text]

**The Chairman:** You may proceed, Mr. Gillespie.

**Mr. Gillespie:** I would like to ask Mr. Hockin or Mr. Handfield-Jones if they would discuss with us some of the basic assumptions underlying the Fund. You referred to, I think, short-term transactions, banking arrangements for trade arrangements between countries and this kind of thing. I think it would be helpful if we were able to see this assumption, if it is an assumption, in the light of the problems of liquidity today. For instance, is part of the problem that the assumption itself is not being met and that the Fund is being asked to handle more than banking arrangements and short-term movements?

**M. Hockin:** Mr. Gillespie, I think what we are talking about here is in a different direction or a supplementary direction from the one that was originally envisaged for the International Monetary Fund. The original idea behind the International Monetary Fund was that there would be, by and large, enough international money available at one time or another in the form of gold or reserve currencies and what have you and, therefore, there would be no need to worry about that, but there was a need to worry that individual countries in pursuing their own policy objectives might get into difficulties in their balance of payments and that these difficulties would be such that they would have two alternatives.

One would be to put on a lot of restrictions on their own trade and payments position to restore their level of reserves, or they could be given some financial assistance to enable them to defend their exchange rate, but at the same time gradually, by appropriate policies, bring their balance of payments into equilibrium without the same kind of exchange controls and trade controls which otherwise would have been necessary. In other words, short-term credit was being made available to the International Monetary Fund to allow countries time to get themselves into equilibrium again.

**Mr. Gillespie:** Is not part of the problem today with this question or definition of short-term being aggravated because some countries, for instance, sterling countries, are taking rather longer than what most people might have considered short-term?

[Interpretation]

**Le président:** Je vous en prie, monsieur Gillespie.

**M. Gillespie:** Je voudrais demander à M. Hockin ou à M. Handfield-Jones s'ils voudraient nous parler des principes de base du Fonds. Vous avez parlé, par exemple, de transactions à court terme, d'ententes bancaires pour des accords commerciaux entre divers pays, et ainsi de suite. Il serait très utile que nous puissions examiner ce principe à la lumière des problèmes de liquidités que nous étudions aujourd'hui. Par exemple, l'un des problèmes vient peut-être de ce que ce principe n'est pas respecté et de ce que l'on demande au Fonds de s'occuper de plus que d'ententes bancaires et de prêts ou emprunts à court terme?

**M. Hockin:** Monsieur Gillespie, je pense qu'ici, il s'agit d'une orientation différente, ou supplémentaire, de l'objectif original du Fonds monétaire international. On pensait à l'origine que, dans l'ensemble, il y aurait toujours suffisamment de devises ou de réserves d'or disponibles, et qu'il n'y avait pas lieu de s'inquiéter de cela, mais plutôt de ce que des pays, en s'efforçant de réaliser leurs objectifs nationaux, pourraient connaître des difficultés dans leur balance des paiements, et que ces difficultés pourraient être telles que deux possibilités s'offriraient alors à eux.

L'une consisterait à imposer eux-mêmes de nombreuses restrictions sur leur commerce ou sur leurs paiements afin de rétablir le niveau de leurs réserves nationales. L'autre serait qu'on leur accorde une aide financière qui leur permettrait de protéger leur taux de change, mais aussi peu à peu, et par une politique appropriée de rétablir l'équilibre de leur balance des paiements, sans avoir à imposer les restrictions sur leur commerce et sur leur change qui, sans cela, auraient été nécessaires. Autrement dit, on accordait un crédit à court terme au Fonds monétaire international pour permettre aux pays de rétablir leur équilibre financier.

**M. Gillespie:** Le problème aujourd'hui, avec cette définition de «court terme», n'est-il pas en partie aggravé par le fait que certains pays, par exemple ceux de la zone sterling, mettent beaucoup plus de temps à rembourser que ce que l'on appelle normalement «court terme»?

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**Mr. Hockin:** I think that is a fair comment, but if I might just continue with the point I

**M. Hockin:** C'est une observation juste, mais, si je peux poursuivre ce que j'étais en



## [Texte]

wanted to make the amendments which you have before you are not addressed really to that problem. They are addressed to the problem which was not in people's minds at the time of the original Bretton Woods Agreements Act which was that the people who negotiated these amendments agreed that at last it looked as if some time in the foreseeable future the very supplies of international money which countries could have, hold and own in their own reserves without going outside their own reserves for assistance, might be inadequate to sustain the growth of trade and payment which had developed in recent years.

Therefore, what these amendments are designed to do is to provide under proper conditions of international agreement and control for the creation of new supplies of liquidity which countries would have in their own exchange reserves and be able to spend as they needed them, without going for short-term credit with conditions attached to the International Monetary Fund.

The point you have made is that the way in which the conditional credit—the old traditional kind of credit—and the International Monetary Fund are being run could be improved and that sometimes these things are not being done in the way that they should have been done—some countries are not performing as they should perform. I would say that I think the evidence is there that that is the problem—that is a problem—but it is not the one to which this set of amendments addresses itself. It does not mean that the problem does not exist, but that this set of amendments was not designed to deal with it.

**Mr. Gillespie:** The impression I have is that it is not necessarily the shortage of funds in the liquidity sense for handling regular international transactions that is the problem the International Monetary Fund most often has to concern itself with today, but it is the problem which develops when confidence goes in a country's ability to balance its payments. When the international community says that the short-term has evaporated, that they are now getting into the long-term and if they look down the road this particular country is not going to be able to bring things into balance, therefore, they are going to hedge their bets with the result that you get flights of capital, speculation, hot money, call it what you will.

The Fund has to deal with this problem, it seems to me, and has been doing so on a more frequently recurring basis than it had to a few years ago. This is surely the major pre-occupation of the Fund at the present

## [Interprétation]

train de dire, les modifications présentées ici ne visent pas réellement ce problème. Il s'agit plutôt d'un problème auquel on n'avait pas songé au moment où l'on avait adopté la Loi originale sur les accords de Bretton Woods. Ceux qui ont négocié ces modifications ont enfin reconnu qu'il semblait qu'un jour, dans un avenir proche, les réserves de devises internationales que pourrait avoir, conserver et posséder chaque pays dans ses propres réserves sans avoir à demander d'aide extérieure seraient sans doute insuffisantes pour faire face à la croissance du commerce et des paiements qui s'est manifestée ces dernières années.

Donc, le but de ces modifications est de permettre, dans de bonnes conditions d'entente et de surveillance internationale, la création de nouvelles réserves d'argent liquide que les pays conserveraient dans leurs propres réserves de change et pourraient dépenser selon leurs besoins sans avoir à demander de crédit à court terme avec toutes les conditions qui se rattachent au Fonds monétaire international.

Vous avez parlé du crédit traditionnel du fait qu'il pourrait être amélioré, du fait que le Fonds monétaire international pourrait améliorer ses méthodes et du fait que, parfois, les choses ne sont pas faites comme elles le devraient et que les pays ne se conduisent pas comme ils le devraient non plus, ce qui prouve l'existence d'un problème. Ce n'est pas à cela que les amendements répondent; cela ne veut pas dire que le problème n'existe pas mais que les amendements n'ont pas été pensés à cette fin.

**M. Gillespie:** Ce n'est pas nécessairement le manque de fonds pour la poursuite de ses transactions régulières qui préoccupe surtout le Fonds monétaire international aujourd'hui. C'est le problème qui surgit lorsqu'on ne semble plus en mesure de balancer ses paiements. Lorsque la collectivité internationale déclare que c'est la fin des conditions à court terme et le début des conditions à long terme, et qu'elle tente de voir ce que sera l'avenir de tel pays, elle réalisera que ce pays ne pourra rencontrer ses obligations et, en conséquence, on verra des fuites de capitaux, la spéculation, etc. Le Fonds doit faire face à ce problème, ce qu'il a fait fréquemment, plus fréquemment qu'auparavant. Et, bien sûr, c'est actuellement la principale préoccupation du Fonds. Il doit faire face à cette difficulté au lieu de financer des transactions internationales ordinaires.

[Text]

time—dealing with this problem—rather than the financing of regular international transactions. Is this not a fair statement?

**Mr. Hockin:** It certainly is in terms of the day-to-day business of the Fund. I will ask Mr. Handfield-Jones who for four years has been dealing with the day-to-day problems in the International Monetary Fund to comment on this, but I might just say a word myself now. I think it is true that a great deal of the day-to-day activity of the International Monetary Fund is dealing with individual countries and their problems. These problems are with us right now and what this set of amendments is addressing itself to is a problem which the drafters feared would be upon us in the future and if we did not take action now to handle it, could be incapable of being handled when the crisis actually arose.

As I said earlier, at the beginning it was called "contingency planning". It was looking ahead to try to make sure that the International Monetary Fund had at its disposal the agreed means for creating additional liquidity when that was considered necessary and as you will see as you look through the individual amendments to the Bretton Woods Agreements Act which are included in the Bill, the provision is made for the activation—the actual turning out of this new international reserve asset called an SDR—after a certain procedure is followed to get general agreement.

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Passage of this Bill and acceptance by the required majority does not automatically mean that this credit will be created. It means that we have agreed upon the machinery for creating the credit and then it takes a subsequent decision actually to create the credit. This is the purpose of this Bill, but perhaps I might ask Mr. Handfield-Jones to comment in more detail upon some of the questions you have asked.

**Mr. Gillespie:** I did not want to suggest that my remarks were directed just to SDR solving this problem, but that this was part of the basic or the broader problem...

**Mr. Hockin:** Yes.

**Mr. Gillespie:** ...of the Fund and we have to look at the SDRs in that context.

**Mr. Hockin:** In that context, yes.

**Mr. Handfield-Jones:** Mr. Chairman, if I could embroider perhaps a little on Mr. Hockin's answer. It is indeed the case that in the day-to-day business of the Fund, it really is concerned with, if one likes, a commercial

[Interpretation]

**M. Hockin:** Oui, bien sûr, pour ce qui est des affaires quotidiennes du Fonds. Mon collègue, M. Handfield-Jones, s'est occupé de ces problèmes quotidiens du Fonds monétaire international pendant quatre ans. Je lui demanderai dans un moment de nous en parler. Je pense qu'il est vrai de dire qu'une grande partie des activités quotidiennes du Fonds se rattachent à certains pays et à leurs problèmes particuliers. Ces amendements ont été conçus de crainte que ce problème ne s'aggrave un jour si on ne tente pas de le régler dès maintenant et qu'il s'aggrave au point qu'il soit impossible de le régler en temps de crise.

Cette méthode de planification dont j'ai parlé plus tôt tente d'établir si le Fonds monétaire international a à sa disposition des moyens acceptés pour créer plus de liquidité lorsque cela est nécessaire. Vous verrez en étudiant les amendements apportés aux accords de Bretton Woods, qui sont compris dans le bill, que des dispositions ont été prises pour l'approbation de l'établissement de ce droit de tirage spécial.

L'adoption de ce bill n'entraîne pas la création automatique de ce droit de tirage spécial. Il s'agit plutôt de s'entendre sur le mécanisme pour créer le crédit, mais il faut des procédures supplémentaires pour accorder le crédit. Je pourrais peut-être demander à M. Handfield-Jones d'ajouter plus de détails.

**M. Gillespie:** Je ne parlais pas seulement du droit de tirage spécial, mais de l'ensemble du problème.

**M. Hockin:** Oui.

**M. Gillespie:** Pour remplacer le droit de tirage spécial dans son contexte.

**M. Hockin:** Oui, dans son contexte.

**M. Handfield-Jones:** Monsieur le président, si vous me permettez, il est vrai que les affaires quotidiennes du Fonds monétaire international s'apparentent à celles d'une banque commerciale. Il prête de l'argent à différents



**[Texte]**

banking type of business of lending its resources to countries which have been or are in deficit and expecting that these loans will be repaid. In fact, these loans are required to be repaid within an outside period of five years and this repayment period has been met virtually without exception.

This does not mean to say that these loans do not get rolled over just as a commercial bank's do. There are times when a country's difficulties continue, has not been able to get out of difficulty and the country may repay the Fund out of the proceeds of new loans. This happens in the commercial banking business as well as in this international sphere, but the significance of adding what this amendment does add to this situation, which is essentially a central banking function, is that it influences the division of the world between deficit countries and surplus countries.

If there is a shortage of international reserves it will express itself in a very widespread feeling by countries that they need to improve their position; they need to add reserves.

One could have a situation in which all countries are more less in the same situation and all of them feel that they need to run a surplus in order to add to an inadequate reserve position. In this sort of situation the efforts which each country will make will be self-defeating and, therefore, by creating more money as opposed to more credit of the conventional type, one can influence the distribution between countries which feel they need to improve their payments position and those countries which do not feel that need. Therefore, one affects, if one likes, the burden of the over-all responsibility in keeping the system working between the deficit countries and the surplus countries.

**Mr. Gillespie:** Mr. Chairman, do I have a few more minutes for questions?

**The Chairman:** Yes, Mr. Gillespie.

**Mr. Gillespie:** There is one area of questioning I would like to bring up and I am sure someone else will. It follows Mr. Saltsman's question earlier dealing with perhaps rather larger latitudes than the 1 per cent which now exists. Again, for the reasons that I brought up a moment ago, this question of confidence, but I think perhaps we should wait for that one until we have had a rather more general orientation on the Fund.

I would, however, like to ask a few general questions. Are there any significant trading countries in the world today who are not

**[Interprétation]**

pays qui ont des déficits et s'attendent à ce qu'ils remboursent ces prêts. En fait, les prêts doivent être remboursés en moins de cinq ans et dans tous les cas ou presque, on a observé le délai de cinq ans. Cela ne veut pas dire que les prêts ne sont pas renouvelés tout comme dans les banques commerciales si les difficultés se poursuivent dans les pays.

Un pays peut rembourser le Fonds avec de nouveaux prêts, cela arrive dans les banques commerciales ainsi que dans le domaine international. Ce que l'amendement ajoute, de fait, c'est qu'il établit une différence entre les pays qui enregistrent des surplus et ceux qui accusent des déficits.

S'il y a une pénurie de devises, plusieurs pays voudront améliorer leur position et augmenter leurs réserves. Il se peut, par exemple, que tous les pays soient plus ou moins dans la même situation et sentent qu'ils doivent enregistrer un surplus afin d'améliorer leurs réserves. Chaque pays fera des efforts qui seront, en conséquence, annulés par les efforts de son voisin. Si l'on crée plus de devises au lieu de plus de crédit de type traditionnel, on peut influencer le partage entre les pays qui veulent améliorer leur position et ceux qui ne sentent pas ce besoin.

**M. Gillespie:** Puis-je poser d'autres questions?

**Le président:** Bien sûr.

**M. Gillespie:** Je voudrais toucher d'autres points qui découlent de la question que M. Saltsman posait plus tôt relativement à cette marge de 1 p. 100 qui existe présentement. C'est pour ça que j'avais soulevé la question de confiance un peu plus tôt, mais nous devrions peut-être attendre d'avoir une orientation plus générale sur le Fonds.

Y a-t-il des grands pays, qui font des échanges commerciaux, qui ne sont pas membres du Fonds? Quelle proportion du com-

[Text]

members of the Fund? In the same context what proportion of world trade is represented by Fund member countries?

**Mr. Handfield-Jones:** Mr. Chairman, the 111 members of the Fund comprise virtually all of the independent countries of the world with the exception of, first, Switzerland, which for its own historical reasons has not seen fit to join the Fund and second, most of the communist countries in the world, but not all, as Yugoslavia is a member of the Fund and has been for many years.

• 1645

It has had a rather full relationship with the Fund, but the Soviet Union and other members of Comecon—other East European countries—and, of course, mainland China are not members of the Fund. The Soviet Union was present at Bretton Woods and provision was made for the membership of the Soviet Union. Indeed, a provision was made for the quota of the Soviet Union, but for various reasons the Soviet Union did not take up a membership and the Eastern European countries have not taken up membership. Czechoslovakia was a member and withdrew after the communist regime took power in that country.

**Mr. Gillespie:** Is 80 per cent of world trade then covered by member countries in the Fund?

**Mr. Handfield-Jones:** I am sure it is as large as 80 per cent, Mr. Chairman, and much larger than 80 per cent of trade which goes through market channels. Of course, much of the trade with Comecon is through bilateral deals. I believe I may be able to give you a more precise figure. It appears to be in excess of 90 per cent.

**Mr. Gillespie:** Ninety per cent, right. What was the total world reserve position, say, in 1945? What I am interested in here is the growth in reserve positions of the trading countries of the world, particularly those members of the Fund, how it compares between 1945 and today and the importance of gold as part of the reserve assets.

**Mr. Handfield-Jones:** I am not sure I can go back that far with the figures. May I take notice of that question, Mr. Chairman?

**The Chairman:** Yes.

**Mr. Gillespie:** Could you, in taking notice, also relate it to the growth in world trade that occurred during the same period?

[Interpretation]

merce international absorbent les pays membres du Fonds?

**M. Handfield-Jones:** Il y a 111 membres au Fonds Monétaire. Tous les pays indépendants du monde en sont membres sauf, d'abord, la Suisse qui pour des raisons personnelles et historiques n'est pas membre du Fonds et, d'autre part, la plupart des pays communistes à l'exception de la Yougoslavie qui est membre du Fonds depuis plusieurs années.

Elle entretient de bons rapports avec le Fonds, mais l'Union Soviétique et les autres pays de l'Europe de l'Est n'en sont pas membres, pas plus que la Chine Continentale. L'Union Soviétique assistait aux réunions de Bretton Woods; des dispositions avaient été prises pour que l'Union Soviétique devienne membre mais pour diverses raisons l'Union Soviétique n'est pas devenue membre du Fonds et les pays d'Europe de l'Est ne le sont pas devenus non plus. La Tchécoslovaquie en était membre mais s'est retirée après l'instauration du régime communiste dans ce pays.

**M. Gillespie:** Alors, pouvons-nous dire que 80 p. 100 du commerce mondial provient de pays membres du Fonds?

**M. Handfield-Jones:** Je suis sûr que le chiffre atteint 80 p. 100, monsieur le président, et beaucoup plus que 80 p. 100 des échanges internationaux. Naturellement, la plupart du commerce avec Comecon se fait au moyen d'échanges bilatéraux. Je crois pouvoir vous donner une réponse encore plus exacte. Plus de 90 p. 100.

**M. Gillespie:** C'est exact, 90 p. 100. Quelles étaient les réserves mondiales totales, par exemple, en 1945? Je m'intéresse au taux de croissance des réserves mondiales des pays commerçants du monde, surtout des membres du Fonds, comment il se compare entre 1945 et aujourd'hui et quelle est l'importance du pourcentage d'or dans ces avoirs?

**M. Handfield-Jones:** Je ne sais pas si je peux retourner aussi loin que cela. Puis-je prendre avis de la question, monsieur le président?

**Le président:** Oui.

**M. Gillespie:** Pourriez-vous en prenant avis y rattacher la croissance du commerce mondial durant la même période.



[Texte]

**Mr. Handfield-Jones:** Yes, I will. I will provide a table for the Committee which compares both of these series over the whole post-war period.

**Mr. Gillespie:** Thank you.

**Mr. Kaplan:** I have questions on a variety of matters partly because I do not precisely understand the amendments. Could I ask you to describe, present, or construct, a hypothetical example in which a country, say, Canada would want to rely on SDR's and how we would go about doing it? Is it an alternative, for example, to drawing on our quota or is it something that we do before drawing on our quota, or is it something entirely different from relying on our quota?

**Mr. Handfield-Jones:** Mr. Chairman, I think there is an element of choice present here. Perhaps I can explain by starting with the observation that countries do operate in foreign exchange markets to maintain the value—the external value—of their currencies by dealing in one of the key currencies—in our case, the United States dollar; in another country's case it is sterling and in the case of some countries it is the French franc. What happens day by day is that the Bank of Canada acting as agent for the Minister of Finance buys and sells U.S. dollars for Canadian dollars and Canadian dollars for U.S. dollars in the markets.

Now, if one encounters a period of over-all deficit in one's balance of payments this, of course, is reflected in a loss of U.S. dollars—the government's holdings of U.S. dollars declines. At some point the question arises as to how one is going to get more U.S. dollars to continue with one's market intervention and this is where the alternatives come in.

• 1650

One alternative that is open to us is to sell gold of which we hold some hundreds of millions in the exchange reserves. We would sell gold to the United States Treasury or perhaps through other channels and acquire more U.S. dollars which would then be available for further intervention in the exchange market. We will be able to use Special Drawing Rights as and when, and in the amounts that we get them, for the same purpose. We will be able to use Special Drawing Rights to get the foreign currency that we want—U.S. dollars—from other countries. When we come to the more detailed discussion of the Bill, I would be glad to explain the procedures in some more detail.

Finally, we can obtain U.S. dollars by drawing on the Fund through the old routes,

[Interprétation]

**M. Handfield-Jones:** Oui, je vous donnerai un tableau qui compare ces deux séries de chiffres pour toute la période d'après-guerre.

**M. Gillespie:** Merci.

**M. Kaplan:** J'ai diverses questions à poser parce que je ne comprends pas très bien les amendements. Puis-je vous demander de décrire, présenter ou construire une hypothèse où un pays, le Canada, par exemple, voudrait se fier aux droits de tirage spécial et comment il lui faudrait procéder. Est-ce, par exemple, une alternative au tirage sur notre quota ou est-ce quelque chose que nous faisons avant de tirer sur notre quota, ou est-ce quelque chose d'entièrement différent que de nous baser sur notre quota?

**M. Handfield-Jones:** Monsieur le président, je crois qu'il y a ici un élément de choix. D'abord je peux dire que les pays s'entendent sur le marché des changes internationaux pour maintenir la valeur externe de leurs devises en achetant une des principales devises; pour nous il s'agit de dollars américains, pour d'autres de livres sterling et pour d'autres de francs français. Mais dans les opérations quotidiennes, la Banque du Canada est un agent du ministre des Finances et achète et vend des dollars américains pour des dollars canadiens et des dollars canadiens pour des dollars américains sur les marchés mondiaux.

S'il y a un déficit global dans la balance des paiements, une perte en dollars américains, évidemment, résulte en les avoirs du gouvernement en dollars américains diminuent. A un certain point, il faut se demander comment on peut acheter plus de dollars américains pour continuer l'intervention sur le marché. C'est là qu'il y a une alternative.

Entre autres, on peut vendre de l'or. Nous avons des centaines de millions de dollars d'or dans les réserves. Nous vendrons de l'or au trésor américain ou à d'autres et acheter ainsi plus de dollars US qui pourront servir à d'autres interventions sur le marché du change. On pourra se prévaloir des droits de tirage spécial où et quand, et au montant que nous obtiendrons, pour la même fin. Nous pourrions profiter des droits de tirage spécial pour acheter les devises étrangères que nous voulons d'autres pays, des dollars américains. Lorsqu'on en arrivera aux détails du bill, je serai très heureux d'expliquer la procédure avec plus de détail.

En dernier lieu, on peut obtenir des dollars US en tirant du Fonds, par les vieilles métho-

[Text]

through the general account as it will be known. We can draw up to a certain amount as automatically and unconditionally as we will be able to obtain U.S. dollars for our Special Drawing Rights. Beyond a certain point, of course, these amounts become conditional.

**Mr. Kaplan:** Are there any members of the Fund that are objecting to the proposed amendments?

**Mr. Handfield-Jones:** I think it is well known, Mr. Chairman, that there was opposition from some quarters and perhaps the most persistent critic of this approach was France. France did not accept the package which emerged for negotiation. The governor of the Fund for France did not vote in the Board of Governors vote which approved the amendment and France has not, as yet, ratified this agreement. I would not like to go too far in this, but I think it is fair to say that there are some indications now that the French government is taking a rather more tolerant view about this approach.

**Mr. Kaplan:** Can you explain the nature of France's objection to the proposal?

**Mr. Handfield-Jones:** I think it reflected the views which the government of France held on the proper role of other elements in the system, particularly gold and reserve currencies.

**Mr. Kaplan:** Thank you.

**The Chairman:** Are there any other questions, gentlemen? Yes, Mr. Trudel?

**Mr. Trudel:** Mr. Handfield-Jones, will this enlarge the views or bring in other countries that were not participating before? I am just asking for your opinion. Will this agreement that we are considering at present bring into the fold any countries from the Comecon that you have mentioned or other countries that have discontinued participating in the Fund?

**Mr. Handfield-Jones:** I cannot be so precise, Mr. Chairman. It does add, I think, to the status of the institution and, therefore, to the advantages of membership in it, but there is no formal evidence which I can report to the Committee about the intentions of countries which are not now members of the Fund, but that is not to say there is no ground for hope.

**Mr. Trudel:** Thank you.

**The Chairman:** Mr. Osler?

[Interpretation]

des, par le compte général comme on le nommera. On peut tirer jusqu'à une certaine somme automatiquement et sans condition vu que nous pourrions obtenir des dollars américains pour nos droits de tirage spécial au delà d'un certain point; bien entendu, ces sommes deviennent conditionnelles.

**M. Kaplan:** Y a-t-il des membres du Fonds qui s'opposent aux amendements proposés?

**M. Handfield-Jones:** Je pense qu'on sait très bien, monsieur le président, que certains pays s'y sont opposés. Je pense que le critique le plus persistant était la France. La France n'acceptait pas l'ensemble des résultats des négociations. Le gouverneur du Fonds pour la France n'a pas voté avec les gouverneurs qui approuvaient l'amendement et la France n'a pas encore ratifié cet accord. Je ne voudrais pas aller trop loin mais il est juste de dire qu'il semble maintenant que le gouvernement français adopte une position plus tolérante.

**M. Kaplan:** Pouvez-vous expliquer la nature de l'objection de la France face à ces propositions?

**M. Handfield-Jones:** Cela reflète l'opinion que le gouvernement français avait sur le rôle des autres éléments du système, surtout de l'or et des devises en réserve.

**M. Kaplan:** Merci.

**Le président:** Avez-vous d'autres questions, messieurs. Monsieur Trudel.

**M. Trudel:** Monsieur Handfield-Jones, est-ce que cela élargira les idées et amènera la participation d'autres pays qui ne participaient pas auparavant? Je ne demande que votre opinion. Est-ce que cet accord que nous considérons présentement amènera l'adhésion de pays du Comecon que vous avez mentionné ou d'autres pays qui n'étaient plus membres du Fonds?

**M. Handfield-Jones:** Je ne peux être précis à ce point, monsieur le président. Cela ajoute au statut de l'institution et donc aux avantages d'en être membre. Mais il n'y a pas de preuves évidentes dont je peux vous faire rapport au sujet des intentions des pays qui ne sont pas membres du Fonds. Je ne dis pas non plus qu'il n'y a pas d'espoir.

**M. Trudel:** Merci.

**Le président:** Monsieur Osler?



[Texte]

**Mr. Osler:** Mr. Chairman, I am a visitor coming along for the ride and trying to get some education, so if my questions waste the Chair's time—if you have been over these things before—would you let me know?

**The Chairman:** This is our first meeting, Mr. Osler, on Bill No. C-138.

**Mr. Osler:** Thank you. Then an SDR is a new device for creating credit, money, or whatever you want to call it, because there is not enough around?

**Mr. Gray:** May I interrupt for a moment? Could we ask our witnesses if they want to indicate the affirmative to do so by saying "yes" instead of merely shaking their heads because a nod cannot be recorded.

**Mr. Osler:** I would like either of the gentlemen to answer this as I do not know enough to know which one should answer.

**Mr. Gray:** I just wanted to note that the shaking of his head would not be recorded.

**The Chairman:** Will you reply to Mr. Osler's question, Mr. Handfield-Jones?

**Mr. Osler:** If the general objective is to get world trade into better balance between developing nations and those that are developed—I hope you will allow that assumption to be true for a moment—then if, say, some African or some Asian country just has no credit reserves in the normal sense at all and these SDRs are created, does this allow us a means of trading with them and postponing the day of reckoning to the time when they will have developed to the point where they will be in the trading community and the exchange can be exchanged? Is every nation judged on its national product and who would decide how many SDRs Canada could have to lend?

• 1655

**Mr. Handfield-Jones:** Mr. Chairman, I apologize to you for having given any inaudible response to the question. I was actually nodding, if I may say so, in sympathy with the phrase "whatever you call it". Perhaps the Committee might enjoy the fact that we really did have enormous semantic problems in this exercise and this very peculiar phrase which has emerged reflects these problems. People do call money by very curious names, it seems, Mr. Chairman, and this is no exception to it. It is a rather laboured compromise between the school who wanted to think in terms of money and the school who wanted to think in terms of credit and we ended up

[Interprétation]

**M. Osler:** Monsieur le président, je ne suis qu'un visiteur, je viens ici pour m'instruire. Si mes questions sont une perte de temps pour le président, si vous avez déjà passé là, veuillez me le dire.

**Le président:** C'est notre première réunion. Nous discutons le bill C-138.

**M. Osler:** Est-ce que les droits de tirage spécial sont un nouveau dispositif pour créer le crédit, les devises ou quoi que ce soit, parce qu'il n'y en a pas suffisamment?

**M. Gray:** Puis-je interrompre un moment? Je pense qu'il faut répondre et non pas seulement faire signe de la tête.

**M. Osler:** J'aimerais que l'un ou l'autre de ces messieurs répondent, car je ne sais pas lequel peut le faire.

**M. Gray:** Je voulais simplement souligner que le signe de tête ne serait pas enregistré.

**Le président:** Monsieur Handfield-Jones, voulez-vous répondre à la question de M. Osler?

**M. Osler:** Maintenant, si l'objectif principal est d'avoir un meilleur équilibre commercial entre les pays développés et les pays en voie de développement, et j'espère que vous me permettez de dire que c'est vrai pour un instant, si par exemple, certains pays d'Afrique ou d'Asie n'ont pas de réserves de crédit au sens normal et ces droits de tirage spécial sont créés, est-ce que cela nous permet de commercer avec eux et de retarder le jour des paiements jusqu'à temps où ils seront développés au point qu'ils puissent faire partie du groupe commercial et qu'il peut y avoir de véritables échanges. Est-ce que chaque pays est jugé selon son produit national? Qui décidera combien de droits de tirage spécial le Canada aurait-il à prêter?

**M. Handfield-Jones:** Monsieur le président, je m'excuse d'avoir fait des signes au lieu de répondre. Je faisais signe que oui, car je sympathise avec cette expression: «quel que soit le nom que vous lui donniez». Il y avait de graves problèmes de rédaction et de sémantique et cette expression particulière le reflète. L'argent porte une foule de noms, et ce n'est pas une expression ici. C'est un compromis assez usé entre l'école qui veut penser en termes d'argent et l'école qui veut penser en termes de crédit. En somme, nous avons adopté la définition de M. Emminger, un Allemand très distingué qui joue un rôle important dans ce programme; il dit qu'il s'a-

[Text]

with what Mr. Emminger, the distinguished German who played so large a part in this scheme, describes as a zebra which enables some of us to say that we have a white horse with some black stripes and some others of us to say that we have a black horse with some white stripes on it.

**Mr. Osler:** I will have mine with water.

**Mr. Handfield-Jones:** Having dealt with the confusion of words, may I respond to the substantive question. Under this proposal Special Drawing Rights will be allocated to all of the participants in the scheme which are all of the present members of the Fund who want to participate in the scheme in proportion to their quotas. As Mr. Hockin said in his opening statement, every member country has a quota and this quota, which determines the quantitative size of all of one's rights and obligations in this organization, is the best attempt that the mind of man has been able to devise to measure the economic size of countries.

There is a rather complicated formula which is used as a bench mark in judging countries' quotas which takes into account such variables as national products, population, trade, the variability of trade and while this is a complicated formula it is not decisive, it is used as a guide. Of course, countries can ask for larger quotas and no country's quota can be increased beyond the point that it wants to have it increased. There are structural Fund quotas which are not wholly unrealistic from this point of view and the Special Drawing Rights will be allocated to members in proportion to this. Just as an example, Canada's quota in the Fund is now \$740 million out of a total of approximately \$240 billion, thus the percentage of our quota in the total is slightly in excess of 3 per cent. Therefore we will get slightly in excess of 3 per cent of all Special Drawing Rights which are to be created and distributed.

#### • 1700

As to the relative impact of this on the developing countries, the first and perhaps marginal point to make is that in the process of determining countries' quotas, there is a policy of being rather more liberal with developing countries, particularly smaller countries which depend heavily on the production and export of primary commodities than with other countries. Therefore, the quotas of these countries and the Special Drawing Rights they will receive are somewhat larger—a little bit larger—than the pure measures of economic size would indicate.

More importantly, perhaps I might say that there have been, in the course of the past

[Interpretation]

git d'un zèbre, ce qui nous a permis de le voir comme un cheval blanc avec des raies noires ou comme un cheval noir avec des raies blanches.

**M. Osler:** Je prendrai le mien avec de l'eau.

**M. Handfield-Jones:** Voilà donc pour le vocabulaire. Je vais maintenant répondre à votre question. En vertu de cette proposition un droit de tirage spécial sera accordé à tous les participants de ce programme, c'est-à-dire tous les membres du Fonds qui veulent y participer proportionnellement à leur quota. Comme M. Hockin l'a dit dans sa première déclaration, chaque pays membre à un quota et ce quota, qui détermine le poids de chacun au sein de cette organisation, est le meilleur moyen que nous avons trouvé de mesurer l'importance économique de chaque pays.

Pour déterminer le quota de chaque pays, on a recours à une formule assez compliquée qui tient compte, par exemple, du produit national, de la population, du commerce, et des variantes commerciales. La formule est compliquée, mais elle n'est pas définitive; ce n'est qu'un guide. Les pays peuvent demander des quotas plus élevés mais on ne peut pas les augmenter au-delà du montant désiré par le pays. Mais il existe des quotas à base structurale qui ne sont pas complètement irréalistes à ce point de vue. Chaque pays aurait ainsi des droits de tirage proportionnels. A titre d'exemple, le quota du Canada est de 714 millions, ainsi le pourcentage de notre quota par rapport au total est d'un peu plus de 3 p. 100. Nous aurons donc un peu plus de 3 p. 100 de tous les droits de tirage qui seront créés et attribués.

En ce qui concerne les répercussions relatives sur les pays en voie de développement, un premier point assez marginal à faire remarquer est que dans la détermination des quotas, on est par principe plus large avec les pays en voie de développement, en particulier, avec les petits pays qui comptent énormément sur la production et l'exportation de produits primaires. C'est pourquoi ces pays ont des droits de tirage qui sont quelque peu plus élevés que ceux qui leur seraient accordés si l'on tenait uniquement compte de leur importance économique.

Je pourrais peut-être ajouter qu'au cours des quatre dernières années il y a eu des



## [Texte]

four years, discussions of alternative ways in which this new kind of reserve asset could be distributed. On the one hand, in some of the earlier stages of the discussion when great concern was felt about the feasibility of establishing a wholly new kind of international money and ensuring its acceptability, there was consideration given to limiting it to a relatively small group of industrial countries.

On the other hand, during the course of the discussions, proposals were advanced sometimes with a good deal of strength and feeling that some of the Special Drawing Rights to be created should be allocated directly into the aid flow or some of them should not go to countries, but be made directly available to such international aid-giving institutions as the World Bank. Neither of these alternatives was adopted and in particular the latter, perhaps because of the strong feeling that a new monetary approach of this kind should not be linked too directly with aid because this might make it more difficult to ensure right from the beginning the acceptability of the new asset.

What we have is an intermediate and neutral distribution scheme. I still do not think it is fair to conclude from this that the operations of the scheme will have no beneficial effects on developing countries and on the cause of economic development. I think there is enough evidence that when countries experience balance of payments difficulties they are under some pressure to reduce their own flows of aid to suggest that new developments of this type which will ease the balance of payments situation of countries should make some contribution towards the maintenance of a flow of aid which is considered to be adequate and appropriate, but it will be an indirect effect and not a direct effect.

**Mr. Hockin:** Mr. Chairman, might I add just a word to that? I think it is important just to underline that in the very earliest discussions which took place within the Group of Ten which was the industrialized countries, before it was picked up in the International Monetary Fund where all countries, including developing countries, are represented, there was quite a debate as to whether this scheme should be used not merely to create liquidity, but to direct the liquidity in certain ways as to bring about certain desired results.

It was not just considered in terms of whether you could make more of it available to developing countries and thereby help the development and aid process, but also some countries wondered whether it could not be made really quite conditional in such a way

## [Interprétation]

discussions au sujet d'autres méthodes qui permettraient de distribuer ces nouvelles réserves. D'une part, au début de ces négociations, lorsqu'on s'inquiétait sérieusement des possibilités d'établir un genre complètement nouveau d'argent international et de le faire accepter, on a envisagé de se limiter à un groupe restreint de pays industriels.

Par ailleurs, au cours des négociations, certaines propositions ont été défendues très énergiquement pour que les droits de tirage qui seraient créés soient attribués directement à l'aide ou que certains de ces droits ne soient pas attribués aux pays mais offerts directement aux organismes internationaux d'aide comme la Banque mondiale. Ces deux possibilités n'ont pas été retenues probablement en partie parce que l'on pensait qu'une nouvelle attitude monétaire de cet ordre ne devrait pas avoir de rapports trop directs avec l'aide car il serait alors probablement plus difficile au départ de faire accepter cette nouvelle monnaie.

Nous avons un programme de distribution neutre et intermédiaire. Je ne pense pas qu'on peut en déduire que ce système ne sera pas avantageux pour les pays en voie de développement et le développement économique en général. Je crois qu'il a été démontré que lorsque les pays ont des difficultés de balance des paiements, on fait pression sur eux pour qu'ils accordent moins d'assistance à l'étranger. Leur balance des paiements ainsi améliorée ils pourront réajuster leur aide conformément à leurs possibilités. Mais il s'agit d'un effet indirect plutôt que d'un effet direct.

**M. Hockin:** Monsieur le président, pourrais-je ajouter qu'il est important de souligner que dès les premières discussions qui ont eu lieu dans le cadre du groupe des dix pays industriels, avant que le Fonds monétaire international où tous les pays, y compris les pays en voie de développement, sont représentés, s'en empare, un débat s'était engagé sur la question d'utiliser ce programme non seulement pour créer des crédits, mais pour créer des crédits tels qu'ils permettraient de réaliser certains objectifs souhaitables.

Il ne s'agissait pas simplement de savoir s'il y avait lieu d'en offrir davantage aux pays en voie de développement et ainsi participer au processus d'aide et de développement, mais certains se demandaient s'il n'y avait pas lieu d'en faire une condition préalable de façon à

[Text]

that it was designed to bring deficit countries into balance faster by making them subject to some kind of extra discipline. There was a variety of considerations that went into this and the consensus emerged that this should be treated as a single rather simple objective of dealing with the supply of money in the system, as it were, rather the way a central bank does within a country and that all the other problems of trying to look after particular borrowing needs, particular problems of some types of countries as opposed to others, should be taken care of in other ways.

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It was with this in mind at the time the International Monetary Fund was dealing with the Special Drawing Rights, that the International Bnak was trying to handle some of the problems in increasing aid and Canada was active in both of those, but the particular problems about developing countries, the particular problems about the way in which deficit countries get their affairs in order were thought appropriate to be dealt with in other ways rather than tied to this new asset which was to be created.

**Mr. Osler:** Mr. Chairman, as this Bill says the Special Drawing Rights have been created to meet the need for supplement to existing reserve assets and so are called SDRs. You are then having two accounts, your general account and your Special Drawing Rights account. If Canada is allowed \$740 million in the Special Drawing Rights account, what does it then do with that \$740 million? Am I being far too elementary? What can Canada then do with that money and what is the asset behind it? If you have a special account with \$20 billion in it, or whatever the figure is, the Special Drawing Rights account out of which Canada has the rights for \$700 million and they are to change hands at a fixed rate which is tied into the price of gold or the weight of gold, what is represented by that account? Is it the volume of trade that is going on between members or what is it?

**Mr. Handfield-Jones:** Mr. Chairman, the main way in which countries will use their Special Drawing Rights is in the way in which I indicated in reply to a previous question which is to obtain in our case U.S. dollars for them in a transaction with another country. The U.S. dollars are what we need for market intervention and the Special Drawing Rights are valuable in getting the U.S. dollars. There are certain other ways in which Special Drawing Rights can be used. Some of these will become evident in the

[Interpretation]

résoudre leurs difficultés de balance des paiements en les assujettissant à une certaine discipline. Le consensus final a été que ce serait considéré comme l'objectif unique et simple permettant de contrôler la circulation de l'argent dans le système, et de jouer pratiquement le rôle de la banque centrale dans un pays. Tous les autres problèmes, les problèmes d'emprunts, les problèmes particuliers à certains pays doivent être réglés d'une autre façon.

C'est en ayant cela à l'esprit qu'au moment où le Fonds monétaire international étudiait la question des droits de tirage spéciaux, la Banque internationale a essayé de régler certains des problèmes d'assistance. Le Canada a participé à ces travaux. Mais on a cru bon de traiter les problèmes particuliers des pays en voie de développement et les problèmes particuliers aux pays déficitaires, d'une autre façon qu'en se servant des nouvelles liquidités qui sont créées.

**M. Osler:** Monsieur le président, d'après ce bill, les droits de tirage spéciaux sont créés pour compléter les réserves de liquidités existantes. Il y a donc deux comptes, le compte général et le compte des droits de tirage spéciaux. Si le Canada a droit à 700 millions de droits de tirage spéciaux, quel que soit le chiffre d'ailleurs, qu'est-ce que le Canada fait de ces 700 millions? Est-ce que cette question est trop élémentaire? Qu'est-ce que le Canada peut faire avec ces 740 millions? Quel est l'actif qui permet d'utiliser cela? Si vous avez un fonds spécial de 20 milliards de dollars, ou peu importe le chiffre, le compte de droit de tirage spécial grâce auquel le Canada a droit à 700 millions de dollars, et qu'il change de mains conformément à un taux du change fixe basé sur le prix de l'or, que représente ce compte? Est-ce le volume de transactions commerciales entre les membres du Fonds, ou quoi, monsieur le président?

**M. Handfield-Jones:** Ces droits de tirage spéciaux seront utilisés surtout par les pays, de la façon que j'ai expliqué en réponse à une autre question. Dans notre cas, il s'agira d'obtenir des dollars américains pour faire des transactions avec d'autres pays. Il s'agit des dollars américains dont nous avons besoin et ces droits spéciaux nous permettront d'obtenir des dollars américains. Mais il y a d'autres façons d'utiliser les droits de tirage spéciaux. Vous verrez cela de façon plus claire lorsque nous discuterons en détail le pro-



## [Texte]

more detailed discussion of the scheme. But the main function—the use—is to get a desired currency from another country.

Now, Mr. Osler has asked what the backing is for these new rights. The backing takes the form of the obligation which the other countries in the scheme accept by adhering to this treaty—this obligation—to accept Special Drawing Rights from other countries who need to use them and give up currencies when they are asked to do so by the Fund. So there is no piece of paper which is a backing for it. When Canada is allocated Special Drawing Rights we do not provide the Fund with some piece of paper which says: "I promise to pay," or some language like this. What we do is we accept an obligation to enter into transactions under certain circumstances. In fact the physical nature of these Special Drawing Rights is rather closely analogous to the physical nature of a bank deposit in the modern computer age. These things will take the form of entries in the computer program.

**The Chairman:** Do you have a supplementary question, Mr. Kaplan? Are you finished Mr. Osler?

• 1710

**Mr. Lambert (Edmonton West):** Mr. Chairman, may I make a suggestion for continuity? It is now ten minutes after five o'clock and I do not like to ring down the curtain, but I am sure our witnesses have things to do back on their own desks and we have ours. I would move the adjournment of this sitting because we have other responsibilities. I am going to raise a point. I do not approve of these sittings in the afternoon at this time when there is no urgency. We did agree to afternoon sittings on a specific basis, Mr. Chairman, at the time we were considering the White Paper on Anti-Dumping and if we have witnesses who come from out of town, but otherwise I fail to see why.

**Le président:** Vous dites seulement en cas d'urgence. Vous êtes sans doute au courant du volume de travail que notre Comité aura à abattre. Ce matin, nous avons déjà étudié deux bills: dans le domaine du secteur privé, S-6 et S-7. Par ailleurs, le bill S-4 et le bill C-138 nous ont été renvoyés par la Chambre des communes pour étude et le bill S-10 le sera aussi. Il est possible qu'au moins huit bills du secteur public seront soumis à notre Comité.

De plus, la semaine dernière, le président du Conseil privé a informé la Chambre que le, ou vers le 15 février prochain, l'étude des prévisions budgétaires pour 1969-1970 sera confiée à différents comités et je lisais, ce

## [Interprétation]

gramme. Mais la fonction essentielle consiste à obtenir une devise souhaitable à notre pays, des devises souhaitables à notre pays.

M. Osler a demandé ce qui garantit ces nouveaux droits. Ces garanties sont sous forme d'obligations que les autres pays participant au programme acceptent en signant le traité. Ils ont l'obligation d'accepter les droits de tirage spéciaux d'autres pays qui doivent s'en servir, et doivent abandonner des devises lorsque le Fonds le leur demande.

Ainsi, il n'y a pas de documents écrits; lorsque le Canada obtient des droits de tirage spéciaux, nous ne donnons pas de morceau de papier sur lequel on écrit: «je promets de payer, etc.». En fait, nous acceptons l'obligation de participer à une transaction dans certaines conditions. En fait, la nature de ces droits de tirage spéciaux est très comparable à celle d'un dépôt bancaire à l'âge de l'ordinateur. Il s'agit, en fait, d'entrer dans un programme d'ordinateur.

**Le président:** Question supplémentaire, monsieur Kaplan? Monsieur Osler, avez-vous fini?

**M. Lambert (Edmonton-ouest):** Il est maintenant 5 h. 10. Je ne veux pas que l'on tire le rideau, mais nous avons des choses à faire, nos témoins ont certainement des occupations, je propose donc l'ajournement. Je n'approuve pas ces séances de l'après-midi lorsqu'il n'y a pas d'urgence. Monsieur le président, nous avons décidé de siéger l'après-midi pour une raison bien particulière, lors de l'étude du Livre blanc sur l'antidumping, si nous avons des témoins qui viennent d'autres villes qu'Ottawa, dans le cas contraire je ne vois pas pourquoi.

**The Chairman:** You say only in cases of emergency. You know the workload we will have in the Committee. This morning we have studied two private bills, Bills S-6 and S-7. Moreover, Bill S-4 and Bill C-138 have been referred back to us for consideration by the House of Commons, and so will Bill S-10. It is possible that at least eight public bills will be referred to our Committee.

Moreover, last week, the Chairman of the Privy Council informed the House that on or around February the study of the estimates for 1969-70 will be entrusted to various committees. I read this morning in the business

## [Text]

matin, dans un article du *Globe and Mail*, à la rubrique financière, qu'il est possible que les amendements à la Loi sur les Corporations soient vraisemblablement soumis au Comité des finances, du commerce et des questions économiques. Alors, comme président, je crois de mon devoir de ne pas attendre que la maison soit en feu pour aller de l'avant. Notre Comité n'est pas le seul à siéger cet après-midi, et monsieur Lambert, on m'informe que celui des Affaires extérieures et de la défense nationale tient une réunion en même temps que nous dans une pièce avoisinante et, comme vous le savez, vous, qui faites partie du Comité de la procédure de la Chambre, nous sommes autorisés, par les nouveaux Règlements de siéger sans obtenir l'approbation de la Chambre, lorsque celle-ci siège.

**M. Lambert (Edmonton-Ouest):** D'accord, mais je veux dire ceci, monsieur le président. Je suis justement intéressé à ce que le système des comités fonctionne bien et il me semble que vous partez du mauvais pied. Présentement, nous avons d'autres responsabilités et si vous nous forcez à siéger le mardi et le jeudi, toute la journée, alors, le système va tomber à l'eau; nous avons étudié cela.

Je crois qu'à moins d'avoir cela et qu'on nous demande de faire quelque chose pour une date spécifique, ce n'est pas nécessaire de siéger l'après-midi.

**Le président:** Je respecte votre opinion monsieur Lambert (Edmonton-Ouest), mais j'aimerais avoir celle d'autres membres de ce Comité, parce qu'en fin de compte celui-ci est composé de vingt membres. Je crois que M. Gray voudrait aussi faire connaître son idée à ce sujet.

**M. Gray:** Monsieur le président, j'appuie les raisons données par M. Lambert (Edmonton-Ouest) que le Comité ne siège pas l'après-midi. A mon avis, il n'est pas nécessaire de garder un nombre de députés en Chambre n'ayant aucune responsabilité directe découlant du travail parlementaire. Cependant, j'appuie la suggestion de M. Lambert (Edmonton-Ouest) de suspendre les travaux pour le moment, mais pas pour les raisons qu'il a invoquées. A mon avis cela serait une bonne idée de lever la séance maintenant, car, comme a dit M. Danson, nous avons reçu des renseignements sous forme de dépliants et documents assez compliqués.

Nous avons eu un résumé assez détaillé de la part des témoins de la Fonction publique et peut-être aurons-nous assez d'un après-midi pour commencer l'autre étude avec les témoignages déjà entendus. Nous pourrions continuer la discussion avec ces témoins jeudi matin, après que nous aurons eu l'occasion

## [Interpretation]

section of *The Globe and Mail* that it might well be that the amendments to the Corporations Act might be sent to the Committee on Finance, Trade and Economic Affairs. As Chairman I have the responsibility not to wait until the house is on fire before moving. We are not the only committee sitting this afternoon, Mr. Lambert. I am told that the External Affairs and National Defence Committee is sitting this afternoon on the same floor as we are. And as you know, since you are a member of the Committee, on Procedure of the House, we are authorized by the new Standing Orders to sit without obtaining approval from the House, when the House sits.

**Mr. Lambert (Edmonton West):** I agree, Mr. Chairman, but I want to say that since I want the Committees system to operate smoothly, I believe you are not starting on the right foot. At present we have other responsibilities and if you are going to bulldoze us into sitting on Tuesdays and Thursdays, the whole system will fail. We have already looked into this.

I believe that unless we have that, and we are told to do something for a specific date, it is not necessary to sit.

**The Chairman:** I respect your opinion, Mr. Lambert, but I want to have the opinion of other Committee members. We have 20 members here, and I believe Mr. Gray wants to express his opinion on this subject.

**Mr. Gray:** Mr. Chairman, I second Mr. Lambert's reasoning for the Committee not to sit during the afternoon. So far as I am concerned, we do not have to keep a group of members in the House if they do not have any direct responsibility stemming from work being done in the House. However, I accept the suggestion by Mr. Lambert to adjourn for the present, but not for the reasons given by him. As far as I am concerned, it would be a good idea to adjourn now because, as Mr. Danson said, we have received information under the form of various fairly complicated pamphlets and documents.

We have received a fairly detailed summary from witnesses in the Public Service and maybe one afternoon will be enough to begin the other study with the testimony we have already heard. We can proceed with these witnesses on Thursday morning after we have had a chance to study the documents



**[Texte]**

d'étudier les documents distribués cet après-midi et d'approfondir les témoignages intéressants donnés par les témoins. Alors j'appuie la suggestion de M. Lambert (Edmonton-Ouest) de lever la séance maintenant, mais pas pour les raisons invoquées par notre distingué collègue, car je suis d'avis qu'il se présentera des cas où il sera dans l'intérêt de tout le monde de siéger l'après-midi.

**Le président:** Bien voici mes raisons, monsieur Gray et monsieur Lambert (Edmonton-Ouest) et si d'autres membres ont des suggestions à apporter pour la bonne conduite des affaires de notre Comité, j'aimerais qu'on m'en fasse part. Je suis d'avis que si nous ne siégeons que le mardi et le jeudi avant-midi ou qu'une journée par semaine, il sera presque impossible d'étudier les projets qui seront envoyés par la Chambre à ce Comité. Alors est-ce que d'autres membres...

• 1715

**Mr. Burton:** Mr. Chairman, I would like to express some sympathy with the view put forward by Mr. Lambert. I fully recognize your position, sir, that in fact this Committee does have a heavy workload—

**The Chairman:** Would you speak into the microphone?

**Mr. Burton:** —that has been referred to it by the House of Commons and we have to arrange our business in such a way that we can deal with this agenda adequately. However, I think that the steering committee should give some consideration to this problem. I gather that they have not done so to date.

**The Chairman:** I am very sorry but there was a meeting called yesterday afternoon and I am very, very sorry Mr. Lambert was away which was not my fault. The question was studied by the sub-committee of the Finance Committee, and your party, Mr. Lambert, was represented by Mr. Asselin.

**Mr. Lambert (Edmonton West):** He opposed it?

**The Chairman:** No, he did not oppose it. He offered some objections as you have done and after some explanation had been given to him, he did not oppose it any more.

**Mr. Burton:** I recognize that there are occasions when we may have to meet while the House is in session, but I have some reservations about adopting as a regular procedure, which seems to be the case this week, that we hold meeting both morning and afternoon on Tuesdays and Thursdays. There may be some

**[Interprétation]**

distributed this afternoon, and to think about the interesting data given to us by our witnesses. Hence, I second Mr. Lambert's suggestion that we adjourn now, but not for the reasons given by our distinguished colleague, because I believe that there will be times when it will be in everybody's interest to sit in the afternoon.

**The Chairman:** I will give you my reasons, Mr. Gray and Mr. Lambert, and if there are other Committee members who might have suggestions to put forward for the good operation of the Committee, I should like to hear about them. I believe that if we sit only on Tuesdays and Thursdays in the morning or only one day per week, it will be almost impossible to study all the pieces of legislation forwarded to us by the House. Are there any other members...

**M. Burton:** Monsieur le président, je suis assez d'accord avec ce qu'a dit M. Lambert. Je reconnais votre position Monsieur. Ce comité a vraiment une charge de travail importante.

**Le président:** Approchez-vous du microphone.

**M. Burton:** Nous avons une autre charge de travail et nous devons nous organiser de façon à épuiser cet ordre du jour au mieux. Cependant, le comité directeur devrait étudier ce problème. Si j'ai bien compris, il ne l'a pas fait jusqu'ici.

**Le président:** Je regrette, mais nous avons convoqué le comité directeur hier après-midi. Ce n'est pas ma faute si M. Lambert n'y était pas. Cette question a été étudiée par le sous-comité du Comité des finances, et votre parti, monsieur Lambert, était représenté par M. Asselin.

**M. Lambert (Edmonton-Ouest):** Il s'y est opposé?

**Le président:** Il ne s'y est pas opposé. Il a soulevé quelques objections comme vous, aujourd'hui. Après avoir entendu les explications que nous lui avons données, il ne s'est plus opposé à cette décision.

**M. Burton:** Je reconnais qu'il y a des cas où nous devons siéger en même temps que la Chambre, mais j'ai quelques réserves à formuler en ce qui concerne l'adoption de cette règle comme procédure régulière, comme c'est le cas cette semaine. Nous allons, semble-t-il, nous réunir le matin et l'après-midi,

[Text]

other way out of this problem and there may be some other occasions when we can meet as well, but I would have some reservations about having a continual schedule over the next period of time which involves regular sittings while the House is in session as there are other obligations that all of us have on both Tuesday and Thursday afternoons.

**The Chairman:** Any other comments, gentlemen, on this subject?

Oui, monsieur Émard.

**M. Émard:** Monsieur le président, le gouvernement a décidé de donner plus d'ampleur aux travaux des comités depuis la dernière session. Il faut considérer le fait que les députés, surtout du côté du gouvernement, ont beaucoup plus de chances de s'expliquer aux comités qu'à la Chambre des communes. Les députés de l'Opposition peuvent facilement faire valoir leurs arguments à la Chambre des communes. C'est beaucoup plus difficile pour les députés du côté du gouvernement, spécialement si leurs vues ne correspondent pas directement avec celles exprimées par le gouvernement.

On peut s'exprimer en comité, on peut discuter les bills qui y sont déferés. S'il fallait siéger seulement lorsque la Chambre ne siège pas, ou seulement en quelques rares occasions, on n'aurait aucunement l'occasion de faire notre autre travail. Messieurs de l'opposition, qui formiez déjà le gouvernement, vous savez que les députés du gouvernement ont beaucoup plus de travail que les députés de l'Opposition. Je veux parler du travail de leur côté en plus de celui de la Chambre. Parce que vous faites partie du gouvernement, les gens pensent que vous pouvez tout leur donner. Étant du côté du gouvernement, on doit aussi régler beaucoup plus de griefs. Même si vous riez, monsieur Lambert, vous êtes certainement d'accord sur ce point.

Il faut absolument siéger pendant que la Chambre siège; autrement, on n'aurait pas le temps de s'occuper des travaux des comités qui sont très importants pour nous. C'est une nouvelle procédure et je pense que la plupart des députés, surtout les nouveaux, sont très en faveur de donner ainsi plus d'ampleur aux différents comités. On devrait profiter de toutes les occasions pour s'exprimer ici.

• 1720

**M. Gray:** Monsieur le président, à mon avis, il n'est pas nécessaire de prendre une décision définitive, cet après-midi. On pourrait étudier les idées avancées par certains députés. Une autre suggestion serait d'avoir,

[Interpretation]

le mardi et le jeudi. On pourra peut-être régler le problème d'une autre façon. Il y a peut-être d'autres cas où nous devons nous réunir, mais j'ai des réserves à formuler en ce qui concerne le fait que nous siégeons régulièrement en même temps que la Chambre, car nous avons tous d'autres obligations le jeudi et le mardi après-midi.

**Le président:** Avez-vous quoi que ce soit à ajouter, Messieurs, à ce sujet?

Yes, Mr. Émard?

**Mr. Émard:** Mr. Chairman, the Government has decided to give a broader scope to Committee work since the last session. We should take into account the fact that the members, particularly Government members, have far more possibilities to explain themselves in Committees than in the House. Opposition members can easily voice their arguments in the House of Commons. It is far more difficult though, for Government members to do so, particularly if their views do not coincide exactly with those of the Government.

On a committee, we have the chance to speak up, and to discuss bills which are referred to it. If we had to sit only when the House is not sitting, or on very few occasions only, we would have no opportunity to do our other work. You will agree, gentlemen from the Opposition who were in Government, that Government members have much more work than Opposition members. They have to work in their constituency as well as in the House. People believe that since you are in the Government, you can give them everything. When you are in Government, you also have many grievances to solve. Even though you laugh, Mr. Lambert, I am sure you agree.

We must definitely sit while the House is sitting, otherwise we would not have the time to deal with Committee work which is very important indeed for us. It is a new procedure and I believe most members, particularly new members, are very much in favour of thus giving more scope to the various Committees. We should use every opportunity to express ourselves here.

**Mr. Gray:** Mr. Chairman, so far as I am concerned, it is not necessary to reach a final decision this afternoon. We could study the proposals voiced by a number of members of Parliament. Another suggestion would be to



**[Texte]**

l'après-midi, des séances qui ne seraient pas aussi longues que celles du matin. C'est une suggestion que nous pouvons étudier. Mais, il est presque 17 h. 30 et, pour les raisons que j'ai données, le comité pourrait peut-être accepter la suggestion de lever la séance.

**The Chairman:** Mr. Gray, I am in the Committee's hands and I would have no objection to adjourning the sitting right away or to sitting only in the morning, but as Chairman I think I have some responsibility to report legislation that has been referred to this Committee. With regard to the remarks made by Mr. Burton that for this week we are scheduled to sit next Thursday at 11.00 a.m. and in the afternoon at 3.30 p.m. I thought it would be much easier to cancel the meetings, Mr. Burton, than to try to make some last minute arrangements to have a room and so on.

**Mr. Gray:** That is an important point.

**The Chairman:** If the Committee thinks it is preferable not to sit Thursday afternoon, I have no objection at all. However, I thought it would be much easier to cancel the meeting than to try to organize one at the last minute.

**Mr. Danson:** Mr. Chairman, I think I am enjoying this part of the discussion more because I understand it better. I think it is terribly important because of this Committee system which we are just starting. Mr. Lambert, of course, was in on the negotiations to set up this system and I personally am concerned, as I think we all must be, about what function we are going to serve.

I am new here and every time I make a radical suggestion there are lots of old-timers who give me some very sound advice, the worst advice being that it has always been done this way, but we cannot say that about this new system. However, this seems like a heck of a way to run a ball game. I am thoroughly confused—at least the voters in my riding did not think I was stupid, or maybe not as stupid as my opponent—but somehow I think we have to order our business—know where we are going and the basis on which we are working.

It would seem to me that this is a Committee on Finance, Trade and Economic Affairs and that would suggest to me that we deal with finance, trade and economic affairs. What portion of our time do we devote to each of these things, how do we define them, how important are they? I personally think that the question of industry, trade and commerce is extremely important to this Commit-

**[Interprétation]**

have afternoon sittings that are shorter than those held in the morning. This is a suggestion which might be discussed. It is almost 5.30 p.m. though, and for the reasons I expressed, maybe the Committee will accept the suggestion to adjourn.

**Le président:** Monsieur Gray, je suis à la disposition du Comité. Je suis tout prêt à lever la séance maintenant ou à siéger le matin seulement, mais en tant que président, j'ai quelques responsabilités et je dois faire rapport des mesures législatives renvoyées au Comité. En ce qui concerne l'intervention de M. Burton et le fait que nous devons siéger jeudi prochain, à 11 heures, et l'après-midi à 3 h. 30, je pense qu'il serait mieux d'annuler la réunion au lieu d'essayer d'obtenir des salles, etc.

**M. Gray:** Ceci est important.

**Le président:** Si le Comité pense qu'il est préférable de ne pas siéger jeudi après-midi, personnellement je ne m'y oppose pas du tout, mais je pensais qu'il serait beaucoup plus facile d'annuler la réunion au lieu d'essayer d'organiser une réunion à la dernière minute.

**M. Danson:** Cette partie de la discussion m'intéresse beaucoup plus parce qu'enfin je comprends. Nous avons un système de comités qui vient à peine d'entrer en vigueur. Je voudrais savoir exactement quel rôle nous allons jouer.

Je suis nouveau ici, et chaque fois que je fais une proposition radicale, les vieux de la vieille me conseillent de faire preuve de plus de modération. Je suis tout à fait nouveau à ce jeu. Ceux qui ont voté pour moi ne pensaient pas que j'étais stupide, et pourtant je suis très perplexe. Je ne sais pas très bien quoi faire. Nous devons mettre de l'ordre dans la maison d'une façon ou d'une autre. Nous devons savoir où nous allons et sur quel pied danser.

Nous sommes le Comité des finances, du commerce et des affaires économiques, donc nous devons nous occuper de commerce, de finance et d'affaires économiques. Il faut savoir combien de temps nous consacrerons à chacune de ces questions. Le commerce et l'industrie sont très importants pour le Comité et on doit en étudier les divers aspects.

## [Text]

tee and should be dealt with in many of its aspects.

We spent a great deal of time on anti-dumping which was a very worth while exercise in background. We could spend perhaps several months on this Bill from which we could learn a great deal, but what are we neglecting in the meantime and how thorough a job are we doing and really how relevant are we being to the situation? I think we have to look at the total picture of what this Committee should be doing, the jobs we have to do, analyse this and set out our program to the best of our ability.

I presume there will be stuff referred to us and then we have to take that on too. But what is the role of this Committee? What are we going to try and examine? What are our responsibilities for taking the initiative to do things, what is left to us to accept from the House, and how much time we devote to these? I think this is terribly important. If we do sit in the afternoons I think it is very important, because everybody else has many things to do. How much time are we expected to do in homework? Frankly I think it is important that we do things and we specialize and get into them as thoroughly as we can, but I do not want to be put in a position of having things lumped in my lap, of coming to a meeting without even knowing where to start the questioning and then listening to hours of questioning on something that may not have any relevance.

**The Chairman:** Excuse me, Mr. Gray, Mr. Trudel has indicated that he would like to speak on the subject.

**M. Trudel:** Monsieur le président, je serai très bref. Le nombre de séances que nous aurons sera conditionné par la somme de travail que la Chambre nous déférera. En ce moment, nous avons du travail pour siéger. Le comité directeur s'est réuni hier; on avait décidé de siéger. On peut adopter la même attitude à l'avenir.

## ● 1725

Si nous avons suffisamment de travail pour le matin, on siégera le matin seulement. Si nous avons du travail pour le matin et l'après-midi, et même pour d'autres séances, on pourra même siéger le soir si c'est possible. Car, on veut donner de l'ampleur aux comités.

On sera certainement conditionné par la somme de travail qui nous sera déferée par la Chambre. Tous les membres des partis qui font partie du comité ont décidé de siéger. Je ne veux pas prolonger indûment le débat. J'approuve la motion qui a été proposée, mais comme M. Gray, je n'approuve pas les raisons données pour demander l'ajournement.

## [Interpretation]

Nous avons consacré beaucoup de temps à l'antidumping. Cela a été très intéressant. Nous pourrions consacrer plusieurs mois à ce bill et apprendre beaucoup de choses. Mais est-ce que nous ne perdons pas de temps? Est-ce que notre travail est pertinent? Nous devons déterminer l'ensemble du travail que nous faisons. Nous devons analyser le travail que nous devons faire et organiser notre programme au mieux de nos capacités.

Certaines questions nous seront renvoyées. Je voudrais savoir quel est notre rôle, ce que nous allons essayer de faire, quelles sont nos responsabilités, quelles initiatives devons-nous prendre? Il est très important de savoir exactement combien de temps nous devons consacrer à ces différentes questions. Il est très important de décider si nous siégeons l'après-midi. Combien de temps devons-nous consacrer aux recherches chez-nous? A mon avis, nous devons nous spécialiser et étudier les questions aussi à fond que possible. Je ne veux pas me trouver dans une situation telle que je ne peux même pas poser de questions. Il nous faut agir de façon pertinente.

**Le président:** Excusez-moi, monsieur Gray, mais M. Trudel a manifesté l'intention de dire quelque chose à ce sujet.

**Mr. Trudel:** Mr. Chairman, my intervention will be very brief. The number of sittings we will have will be conditioned by the amount of work which will be referred to us by the House. Right now we have sufficient work to sit. The Steering Committee met yesterday. We decided that there would be sittings. In future, we can operate in the same way.

When we have enough work for the morning, we will sit in the mornings only. If we have work for mornings and afternoons, and even for other sittings, we might have to sit in the evenings as well, since we want to give more scope to the committees.

We will definitely be conditioned by the amount of work referred to us by the House. All members of the various parties belonging to this Committee have decided to sit. I do not wish to prolong the discussion unduly. I approve the motion which has been proposed, but like Mr. Gray, I do not approve of the reasons given to move adjournment.



[Texte]

**Le président:** Monsieur Gray.

**Mr. Gray:** I just want to remind the Committee that our basic duty as a Committee is to study the matters referred to us by order of the House and once we complete this study, to send back these measures to the House to be disposed of. So far as I am aware this Committee does not have an independent power of investigation under the rules, but instead deals with those matters that the House asks us to deal with. As our Chairman pointed out, I think quiet properly, we already know we have a number of matters that have been referred to us for study or are going to be, and this now creates the ambit, in my opinion, of the work of this Committee.

If the suggestion is made and we set a very firm schedule for beginning and completing work on each bill, I doubt if it would be really practical. I think we are better off getting some experience and keeping ourselves flexible for a number of reasons, one of which, for example, is that in studying a Bill such as this we do not know how many people, if any, from the private sector, in other words outside the government service, who may want to come before us to give evidence. We do not know how many of them we are going to want to hear in person rather than merely receiving their briefs and studying them.

While this matter is one which should be kept under continual review by the steering committee, I think we are not doing the best possible job on this Committee if we attempt to depart from the rather flexible approach we have used with a great deal of success until now. I would be the last to say that we should do things the same way we did them before just for that reason, but we should remember that this Committee, more than any other, has been carrying out for some two years a method of work very similar to the method of work that has just now for the first time been laid down for use by the other committees in the House as a whole.

We have been doing all the things that were the subject of the rules debate and which have just become part of the general system of the House; in other words, the regular study of government legislation, even tax measures, estimates and so on. I think most people would agree that we did this with some success, not with perfection by any means, not with such completeness that there is no room for improvement, but I think we would be unwise at the moment if we departed from the rather flexible approach we have been using up to now.

Certainly we can convene further meetings of the steering committee to discuss whether

[Interprétation]

**The Chairman:** Mr. Gray.

**M. Gray:** Je voudrais rappeler au Comité que notre rôle principal, en tant que Comité, est d'étudier les questions qui nous sont renvoyées de la Chambre, et que nous devons, une fois l'étude terminée, renvoyer ces questions à la Chambre. A ma connaissance, le Comité n'est pas indépendant, il ne peut pas agir sans ordre de la Chambre, et il doit étudier les questions que la Chambre lui demande d'étudier. Comme l'a dit le président, nous savons que nous avons un certain nombre de questions qui nous ont été renvoyées ou qui nous seront renvoyées, et cela nous donne le cadre de notre travail.

Si nous avons un programme très précis, très rigide pour notre examen de chaque bill, je pense que nous ne pourrions pas vraiment faire cela d'une façon pratique. Nous nous en tirerions mieux en acquérant de l'expérience et en faisant preuve d'une certaine souplesse pour différentes raisons. Par exemple, pour un bill comme celui-ci, nous ne savons pas combien de gens du secteur privé, c'est-à-dire n'appartenant pas à des services gouvernementaux, voudront comparaître ici pour témoigner. Nous ne savons pas combien d'entre eux le Comité voudra entendre plutôt que d'étudier des mémoires.

J'ai l'impression que cette question doit être constamment étudiée par le comité directeur. Je pense toutefois que nous ne ferons pas un travail acceptable au Comité si nous ne faisons pas preuve de la même souplesse que, avec beaucoup de succès, par le passé. Je serais le dernier à soutenir qu'il nous faille nous conformer au passé pour cette unique raison, mais ce comité fonctionne depuis deux ans, il a fait un travail énorme, très comparable au travail qu'il fait maintenant pour la première fois.

L'étude régulière des mesures législatives d'origine gouvernementale même les mesures fiscales, sont étudiées ici et la plupart des gens nous reconnaissant une certaine réussite. Nous n'avons certainement pas atteint la perfection mais nous avons fait un assez bon travail. Il y a certainement des possibilités d'amélioration. Cependant, je pense qu'il serait peu sage pour l'instant d'adopter, d'abandonner la souplesse dont nous avons fait preuve jusqu'ici.

Nous pourrions discuter à nouveau au comité directeur de la question de savoir si

[Text]

we should meet and to what extent we should meet in the afternoons, but I would say that the approach of the Chairman who is more aware than most of us are of the difficulties of booking rooms, arranging for supporting staff and so on is very reasonable. These things should be kept in mind. We should provide for meetings and as we proceed we can see whether or not it is worth while to make use of all the facilities available.

However, at the same time, in fairness to Mr. Lambert, if he wanted to be technical since he moved the motion to adjourn which is not ordinarily debatable, he could have pressed that and asked for an immediate vote, but I think with some degree of generosity for which I commend him, he allowed us to depart from the strict rules of order so that we could explore a very important subject. Perhaps we could agree, at least, on this that now that we have explored it, perhaps the steering committee can hold further meetings and make their report and in the meantime we might proceed to consider what he might now want to look upon as a formal motion.

**Mr. Lambert (Edmonton West):** I made the motion.

**The Chairman:** There is a motion by Mr. Lambert, but I do not think we should ask for a vote. I do not think there will be any objection to another 10 minutes. Mr. Lambert, will you allow Mr. Kaplan to ask a supplementary question or possibly Mr. Kaplan would prefer to wait until the next session?

• 1730

**Mr. Kaplan:** I will withhold my question.

**The Chairman:** Before we terminate this meeting, what are your suggestions, gentlemen, for Thursday's meeting?

**Mr. Lambert (Edmonton West):** Let us have a meeting of the steering committee tomorrow and have a look at this.

**The Chairman:** Yes, but will we have a meeting Thursday morning at 11 o'clock?

**Mr. Lambert (Edmonton West):** Certainly; without question.

**The Chairman:** All right. Are there any other comments, gentlemen? Thank you very much.

[Interpretation]

nous siégerons l'après-midi. Le président connaît mieux que la plupart d'entre nous les difficultés qu'il y a à réserver des salles, à obtenir le personnel de soutien. Et à mesure que nous avancerons, nous verrons s'il est bon de nous servir de toutes les installations disponibles.

Si M. Lambert avait proposé une motion d'ajournement—normalement, elle ne peut pas faire l'objet d'un débat—il aurait pu insister. Je le félicite donc pour la générosité dont il a fait preuve en nous laissant discuter de cette très importante question sans exiger l'application stricte des règlements. Nous avons étudié la question assez à fond et le comité directeur peut organiser d'autres réunions et faire rapport. Et maintenant, peut-être que M. Lambert (Edmonton-Ouest) voudra nous soumettre une motion en bonne et due forme.

**M. Lambert (Edmonton-Ouest):** J'ai présenté la motion.

**Le président:** Nous avons une motion de M. Lambert, mais je ne pense pas qu'il faille voter. Il n'y aura sans doute pas d'objection pour prolonger la séance de dix minutes. Monsieur Lambert, autorisez-vous M. Kaplan à poser une question supplémentaire, ou bien, monsieur Kaplan, préférez-vous la remettre à la prochaine séance?

**M. Kaplan:** Je retire ma question.

**Le président:** Avant de lever la séance, quelles sont vos suggestions, Messieurs, en ce qui concerne la séance de jeudi?

**M. Lambert (Edmonton-Ouest):** Je pense que le comité directeur devrait étudier la question demain.

**Le président:** Mais est-ce que nous nous réunirons jeudi matin à 11.00 heures?

**M. Lambert (Edmonton-Ouest):** Cela va sans dire.

**Le président:** Très bien, avez-vous quelque chose à ajouter, Messieurs? Merci beaucoup.









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HOUSE OF COMMONS

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First Session

Première session de la

Twenty-eighth Parliament, 1968-69

vingt-huitième législature, 1968-1969

STANDING COMMITTEE

ON

COMITÉ PERMANENT

DES

FINANCE, TRADE  
AND  
ECONOMIC AFFAIRS

FINANCES, DU COMMERCE  
ET DES  
QUESTIONS ÉCONOMIQUES

Chairman: Mr. Gaston Clermont

Président: M. Gaston Clermont

MINUTES OF PROCEEDINGS  
AND EVIDENCE

PROCÈS-VERBAUX ET  
TÉMOIGNAGES

No. 20

THURSDAY, JANUARY 23, 1969

RÉUNION DU JEUDI 23 JANVIER 1969

*Respecting*

Bill C-138, An Act to amend the Bretton Woods Agreement Act and the Currency, Mint and Exchange Act.

*Concernant*

Bill C-138, Loi modifiant la Loi sur les accords de Bretton Woods et la Loi sur la monnaie, l'Hôtel des monnaies et le fonds de changes.

*Witnesses:*

*From the Department of Finance:* Messrs. Alan Hockin, Assistant Deputy Minister and S. J. Handfield-Jones, Director of International Finance.

*Témoins:*

*Du ministère des Finances:* MM. Alan Hockin, sous-ministre adjoint et S. J. Handfield-Jones, directeur des Finances internationales.

The Queen's Printer, Ottawa, 1969  
L'Imprimeur de la Reine, Ottawa, 1969

STANDING COMMITTEE ON  
FINANCE, TRADE  
AND  
ECONOMIC AFFAIRS

*Chairman:* Mr. Gaston Clermont

*Vice-Chairman:* Mr. Alastair Gillespie  
and Messrs.

Blair,  
Burton,  
Comtois,  
Danson,  
Downey,  
Emard,  
Flemming,

Gauthier,  
Gray,  
Hales,  
Harkness,  
Kaplan,  
Lambert (*Edmonton*  
*West*),

*La secrétaire du comité,*  
Dorothy F. Ballantine,  
*Clerk of the Committee.*

COMITÉ PERMANENT DE LA  
FINANCE, DU COMMERCE  
ET DES  
QUESTIONS ÉCONOMIQUES

*Président:* M. Gaston Clermont

*Vice-président:* M. Alastair Gillespie  
et MM.

Latulippe,  
Portelance,  
Roberts,  
Saltsman,  
Trudel—(20).



[Text]

## MINUTES OF PROCEEDINGS

THURSDAY, January 23, 1969.

(29)

The Standing Committee on Finance, Trade and Economic Affairs met at 11.15 a.m. this day, the Chairman, Mr. Clermont, presiding.

*Members present:* Messrs. Blair, Burton, Clermont, Comtois, Danson, Emard, Flemming, Gauthier, Gillespie, Gray, Harkness, Kaplan, Lambert (*Edmonton West*), Latulippe, Portelance, Roberts, Saltsman, Tru— (18)

*Also present:* Mr. Ritchie.

*In attendance: From the Department of Finance:* Messrs. Alan Hockin, Assistant Deputy Minister; S. J. Handfield-Jones, Director of International Finance; Rost van Tanigen and Bruce D. Lister, both of the International Finance Division.

The Chairman presented a report of the Sub-Committee on Agenda and Procedure dated January 22, 1969, which is as follows:

The Sub-Committee of the Standing Committee on Finance, Trade and Economic Affairs met at 4.15 p.m. this day, with the following members in attendance: Messrs. Clermont (Chairman), Comtois, Gillespie, Gray, Lambert and Saltsman.

The Sub-Committee has agreed to recommend as follows:

(a) That the meeting scheduled for 3.30 p.m. Thursday, January 23, 1969, be cancelled;

(b) That on Tuesday, January 28, 1969, the Committee study Bill S-4, An Act respecting the marking of articles containing precious metals;

(c) That on Thursday, January 30, 1969, the Committee hold an informal background briefing session.

On motion of Mr. Gray, the report of the Sub-Committee was approved.

[Traduction]

## PROCÈS-VERBAL

Le JEUDI 23 janvier 1969

(29)

Le Comité permanent des finances, du commerce et des questions économiques se réunit ce matin à 11 h. 15, sous la présidence de M. Clermont.

*Présents:* MM. Blair, Burton, Clermont, Comtois, Danson, Emard, Flemming, Gauthier, Gillespie, Gray, Harkness, Kaplan, Lambert (*Edmonton-Ouest*), Latulippe, Portelance, Roberts, Saltsman, Trudel — (18)

*Aussi présent:* M. Ritchie.

*De même que, représentant le ministère des Finances:* MM. Alan Hockin, sous-ministre adjoint; S. J. Handfield-Jones, directeur des Finances internationales; Rost van Tanigen et Bruce D. Lister, tous deux de la Division des finances internationales.

Le président dépose un rapport du Sous-comité du programme et de la procédure, en date du 22 janvier, dont la teneur est la suivante:

Le Sous-comité du Comité permanent des finances, du commerce et des questions économiques se réunit à 4 h. 15 cet après-midi; sont présents: MM. Clermont (président), Comtois, Gillespie, Gray, Lambert et Saltsman.

Le sous-comité s'est mis d'accord sur les propositions suivantes:

a) Que la réunion prévue pour le jeudi 23 janvier 1969, à 3 h. 30, soit contremandée;

b) Que le comité étudie le projet de loi S-4, Loi concernant le poinçonnage des articles contenant des métaux précieux, le jeudi 28 janvier 1969;

c) Que le comité tienne une réunion d'information générale le jeudi 30 janvier 1969.

M. Gray propose que le rapport du sous-comité soit approuvé.

The Committee resumed consideration of Bill C-138, An Act to amend the Bretton Woods Agreements Act and the Currency, Mint and Exchange Fund Act.

Messrs. Hockin and Handfield-Jones were questioned by the Committee.

In answer to a question, Mr. Hockin tabled a document entitled *World Trade and International Liquidity in the Postwar Period* which, on motion of Mr. Gray, is attached hereto as *Appendix AAA*.

At 12.45 p.m. the Committee adjourned until Tuesday, January 28, 1969, at 11.00 a.m. at which time Bill S-4 will be considered.

Le Comité reprend l'examen du projet de loi C-138, Loi modifiant la Loi sur les accords de Bretton Woods et la Loi sur la monnaie, l'Hôtel des monnaies et le fonds de changes.

MM. Hockin et Handfield-Jones sont interrogés.

En réponse à une question, M. Hockin dépose un document intitulé «*World Trade and International Liquidity in the Postwar Period*». M. Gray propose que ce document soit inclus aux présentes et figure en appendice. (Voir appendice AAA)

A 12 h. 45 de l'après-midi le Comité s'ajourne jusqu'à onze heures le mardi 28 janvier 1969 alors qu'on abordera l'étude du Bill S-4.

*La secrétaire du Comité,  
Dorothy F. Ballantine,  
Clerk of the Committee.*



[Text]

## EVIDENCE

(Recorded by Electronic Apparatus)

Thursday, January 23, 1969.

• 1115

**The Chairman:** Gentlemen, the Subcommittee on Agenda and Procedure met at 4.15 p.m. yesterday and I will read the report of that meeting. (See *Minutes of Proceedings*.)

**Mr. Gray:** Mr. Chairman, perhaps I might supplement your report by giving a few words of explanation.

First of all, as we all know, the debate on second reading of the bill to amend the Criminal Code is starting this afternoon. Some members of this Committee have expressed the desire to be present for the actual presentation of opening statements, even though they will be printed in full in *Hansard*.

We have been making good progress. Naturally, we want to give people an opportunity to assimilate some of this rather complex material which we have been making available. I might add that we want a better indication of whom from the private sector may want to submit briefs. At the beginning of next week we will proceed to dispose of the bill from the Consumer Affairs Department on the marking of articles containing precious metals. This will provide that opportunity while, at the same time, assist us to proceed with the disposition of government business.

**The Chairman:** Mr. Gray, with respect to the last part of the Report, namely paragraph (c), I said this would be an informal backgrounds briefing session, and I am sure members will understand what that means.

**Mr. Gray:** That is right.

To put the matter on the floor formally for discussion or immediate disposition, Mr. Chairman, I move the adoption of the report.

Motion agreed to.

**The Chairman:** Mr. Danson.

**Mr. Danson:** Mr. Chairman, I would just like to thank you, the Steering Committee, and the Parliamentary Secretary. I did have some opening remarks with reference to this.

[Interpretation]

## TÉMOIGNAGES

(Enregistrement électronique)

[Interprétation]

**Le président:** Hier, le comité directeur s'est réuni à 4 h. 15. Je vous donne lecture du compte rendu de cette séance. (Voir le *procès-verbal*)

**M. Gray:** Tout d'abord, je voudrais vous donner quelques explications. Le débat à la deuxième lecture du bill sur le Code criminel commence cet après-midi et certains membres du comité ont formulé le désir d'assister à la présentation et aux déclarations inaugurales de ce débat.

De même, nous semblons faire beaucoup de progrès et en même temps, nous voulons fournir à tous l'occasion de bien étudier toutes ces données complexes que nous vous avons distribuées. J'ajoute que nous voulons avoir une meilleure indication de la part du secteur privé afin de savoir quels seront ceux d'entre eux qui sont intéressés à présenter des mémoires. Au début de la semaine prochaine, nous entreprendrons l'étude du bill du ministère de la Consommation et des Corporations concernant le poinçonnage des articles contenant des métaux précieux.

**Le président:** Pour ce qui est de l'alinéa c), monsieur Gray, je pense avoir dit que c'était une réunion officieuse d'information. Je pense que vous comprendrez.

**M. Gray:** Donc, monsieur le président, je suis prêt à proposer l'adoption du rapport.

La proposition est adoptée.

**Le président:** Monsieur Danson.

**M. Danson:** Monsieur le président, je désire vous remercier, de même que le comité directeur et le secrétaire parlementaire. J'avais quelques observations à faire au début mais

## [Text]

I think we have proceeded in an excellent way in the little time there has been since the last meeting. The little bit of reading that one has had an opportunity to do in this milieu is enough to whet one's appetite and to make one realize the importance of it, as well as the rather knowledgeable statements of the Parliamentary Secretary, Mr. Burton, Mr. Lambert and Mr. Caouette on this in the past. I think the procedure of giving us an opportunity to read more of what is presented to us—more material came to our desks this morning—is very helpful, and a preliminary briefing would be extremely helpful.

I would hope the briefing would be a briefing in the true sense of the word, with perhaps short questions where necessary, but without statements of opinions of members of the Committee until that briefing is completed. In this way any remarks we put on the record afterward would probably mean more to other members of the Committee.

The only other thing I did want to mention relates to the Committee procedure as a whole. The fact is that we can deal only with what is presented to us. On the other hand, I would hope that some consideration, through the House leaders, could be given to committees generating some of their own initiatives. I do not know the full implications of this—those here who are more experienced than I would—but I was fascinated by an article in this morning's *Toronto Globe and Mail* which said that a company called Computing Devices of Canada Ltd. was being sold to an American company based, I believe, in Minneapolis. Here is a case of a major segment of I think one of our six computer companies being sold. Some 66 per cent already had been sold to American interests previously. However, this is a question of losing a Canadian identity—certainly control of an industry that I think is extremely important to our future. This has been dealt with in the Science Council Report, particularly in relation to computers, and also in some other interesting writings.

I just wondered what opportunities there would be to study such things which, in my opinion, are of tremendous import—particularly in view of the fact that we have a Watkins Report which I assume would some day come before this Committee. It would be very interesting to know what we could do.

**The Chairman:** It was before this Committee already, Mr. Danson.

**Mr. Danson:** You mean in the last parliament.

**The Chairman:** Mr. Watkins was before this Committee as a witness.

## [Interpretation]

c'est une excellente façon de procéder. Il est bon d'avoir un peu de temps pour faire un peu de lecture et bien se renseigner. Nous nous rendons compte de l'importance de la question, surtout après ce qu'en ont dit le secrétaire parlementaire, et MM. Burton, Lambert et Caouette. Je pense qu'il est excellent donc que nous puissions lire les documents qui nous ont été distribués, entre autre ceux que nous avons reçus ce matin, et que nous ayons une séance d'information tout d'abord.

J'espère que ce sera vraiment une séance d'information et qu'on pourra poser des questions, sans que les membres du Comité formulent des avis. Ensuite, nous pourrions commencer à consigner des observations au compte rendu, ce qui pourrait être encore plus utile aux autres membres du Comité.

La seule autre chose dont je voudrais vous parler a trait à la procédure du comité. On ne peut traiter et étudier que ce qui nous est présenté, mais, d'autre part, j'espère qu'on pourra accorder une certaine attention, par l'entremise des leaders de la Chambre, aux comités qui prennent des initiatives. Je ne vois pas toutes les répercussions de cette proposition, mais ce matin j'ai été renversé de lire dans le *Globe and Mail* que la Computing Devices of Canada Limited sera vendue à une société américaine de Minneapolis. C'est donc une de nos six sociétés d'ordinateurs qui nous échappe. On a déjà vendu 66 p. 100 de leurs intérêts à des sociétés américaines, mais nous perdons quand même une compagnie canadienne faisant partie d'une industrie très importante pour notre avenir. On en a parlé dans le rapport du Conseil des sciences, particulièrement en ce qui a trait aux ordinateurs, et aussi dans d'autres documents.

Est-ce qu'on ne pourrait pas étudier ces questions qui, à mon avis, sont très importantes, surtout si on tient compte du rapport Watkins que, j'imagine, notre Comité étudiera un jour. Il serait très intéressant de voir ce que nous pouvons faire.

**Le président:** Notre Comité en a déjà été saisi, monsieur Danson.

**M. Danson:** Vous voulez dire au cours du dernier parlement.

**Le président:** M. Watkins a comparu devant le Comité comme témoin.



[Texte]

As you are aware, Mr. Danson, this Committee, as any other committee, can only consider what is referred to it by the House of Commons.

**Mr. Danson:** Yes, I quite appreciate that, Mr. Chairman. I was just wondering if this was an adequate function of the committee system. I am just making the comment that this might be something to consider.

• 1120

**Mr. Gray:** We agree on the utility of the committee being able to chose areas that it is interested in looking into, particularly the one mentioned by Mr. Danson, but our Committee does not have the authority to change the over-all rules under which the House and its subsidiary bodies operate. We may want to bring this up in the course of further discussion elsewhere about further modifications to our rules.

**Mr. Danson:** Mr. Chairman, I brought it up simply in the hope that there would be future discussion and dialogue on it.

**The Chairman:** Thank you, Mr. Danson.

If there are no further comments, gentlemen, we will resume consideration of Bill C-138, An Act to amend the Bretton Woods Agreements Act and the Currency, Mint and Exchange Fund Act.

We have with us again this morning Mr. Alan Hockin, Assistant Deputy Minister of the Department of Finance, Mr. S. J. Handfield-Jones, Director of International Finance, Mr. Bruce D. Lister, International Finance Division. We also have, as you are aware, Mr. Brower, Research Division of the Library, who will attend most of our meetings.

**Mr. Gray:** Mr. Chairman, with your indulgence, perhaps I might again bring the availability of Mr. Brower to the attention of the members and invite them to make use of the assistance he can offer through developing material and providing further background information that individual members particularly may want to have developed for their use.

**The Chairman:** Before I give the floor to Mr. Kaplan, who was the last member of the Committee on my list last Tuesday, I will ask Mr. Hockin to introduce others who are with us this morning.

**Mr. Alan Hockin (Assistant Deputy Minister, Department of Finance):** Mr. Chairman, the Committee might like to know that one of the spectators is Mr. Broh-Kahn of the

[Interprétation]

Comme vous le savez, monsieur Danson, notre Comité, comme tout autre, ne peut étudier que ce qui lui est déféré par la Chambre des communes.

**M. Danson:** Oui, je m'en rends compte, monsieur le président, mais je me demandais simplement si c'est là une fonction adéquate du système des comités. On pourrait peut-être étudier la question.

**M. Gray:** Il serait utile en effet que le Comité puisse choisir d'étudier les questions qui l'intéressent, particulièrement celle que vient de mentionner M. Danson, mais notre Comité n'a pas l'autorisation voulue pour modifier le Règlement de la Chambre.

On pourra vouloir parler de cela ailleurs, au cours d'autres délibérations relatives à d'autres modifications à apporter à notre règlement.

**M. Danson:** Monsieur le président, j'ai simplement soulevé la question dans l'espoir que l'on pourrait en débattre plus tard.

**Le président:** Merci, monsieur Danson. Si vous n'avez pas d'autres observations à faire, messieurs, nous allons reprendre l'étude du Bill C-138, loi modifiant la Loi sur les accords de Bretton Woods et la Loi sur la monnaie, l'Hôtel des monnaies et le fonds des changes. Nous avons de nouveau avec nous ce matin M. Alan Hockin, sous-ministre adjoint du ministère des Finances; M. S. J. Handfield-Jones, directeur de la Division des finances internationales, et M. Bruce D. Lister, de la Division des finances internationales. Comme vous le voyez, nous avons aussi M. Brower, des Services de recherches de la Bibliothèque, qui assistera à la plupart de nos réunions.

**M. Gray:** Monsieur le président, pourrais-je rappeler aux membres du comité que M. Brower est à notre disposition, et les inviter à profiter des services qu'il peut nous rendre en établissant la documentation et en fournissant tous les renseignements que les divers membres du comité peuvent désirer obtenir pour leur propre usage.

**Le président:** Avant de donner la parole à M. Kaplan, dont le nom était au bas de ma liste mardi dernier, je vais demander à M. Hockin de nous présenter les autres personnes qui se trouvent ici.

**M. Alan Hockin (sous-ministre adjoint du ministère des Finances):** Monsieur le président, le Comité aimerait peut-être savoir que l'un des spectateurs est M. J. Broh-Kahn, de

[Text]

American Embassy. He has been interested in this area of development. You should also know that there is another member of the Department of Finance present, namely Mr. Rost van Tonningen who is with the same division as Mr. Handfield-Jones.

If any of us can be of any help to you—I do not speak for Mr. Broh-Kahn—we are available.

**The Chairman:** Thank you, Mr. Hockin. I will give the floor to Mr. Kaplan.

**Mr. Kaplan:** Thank you, Mr. Chairman. Gentlemen, one of you—I think it was Mr. Hockin, indicated at our last session that the concept of SDR was a neutral one in the sense that it dealt with the problems of international liquidity as such but that it did not deal with certain other problems—problems that were perhaps more important and more immediate to be considered by the International Monetary Fund.

I am referring to such problems as the quotas of various members, for example, and whether they should be larger or smaller, and the even more important question of flexibility which you touched on—fixed rates versus floating rates, and how under the present system the Fund can properly deal with members who do not arrange their affairs in such a way that their economies sustain the rate which is established under the International Monetary Fund.

I was thinking, for example, of Germany, where the pressure of its currency tended to force the rate upward, contrary to the system of the International Monetary Fund in France, where, in the recent situation there was a tendency of its economy to want to pull its exchange rate down. But it strikes me that the SDR, far from being neutral, probably would tend to encourage countries to postpone having to deal with problems like that which tended to affect the value of their currency. In a sense, SDR gives rope, if you like, to a member country that wants to hang itself. Would you think that that would be an accurate observation?

**Mr. Hockin:** Mr. Chairman, the question that Mr. Kaplan has raised is one that was discussed quite considerably by those negotiating the amendments to the Articles which you have before you. I am referring in particular to the question of the lack of discipline which the extra infusion of liquidity creates in the system. And many of those who were skeptical about the desirability of having this kind of reserve asset creation provided for were concerned about this very point.

[Interpretation]

l'ambassade des États-Unis, qui s'intéresse à la question. Il y a aussi un autre représentant du ministère des Finances, M. Rost van Tonningen, qui travaille dans la même division que M. Handfield-Jones.

Si nous pouvons vous venir en aide—enfin je ne parle pas de M. Broh-Kahn—nous le ferons avec plaisir.

**Le président:** Merci beaucoup, monsieur Hockin. Je donne maintenant la parole à M. Kaplan.

**M. Kaplan:** Merci beaucoup, monsieur le président. Messieurs, l'un d'entre vous—je pense que c'était M. Hockin—a dit lors de notre dernière réunion que le concept des droits de tirage spéciaux était un concept neutre, en ce sens qu'il y était question des problèmes des liquidités internationales seulement, et pas d'autres problèmes pourtant plus importants, et que le Fonds monétaire international aurait dû résoudre en premier lieu.

Je pense, par exemple, à la quote-part de divers pays membres—devrait-on l'augmenter ou la diminuer?—et à la question encore plus importante, de la souplesse dont vous avez parlé—taux fixes, taux variables, et comment, en vertu du système actuel, le Fonds peut vraiment traiter le cas des membres qui ne prennent pas les dispositions nécessaires pour que leur économie permette de maintenir le taux établi par le Fonds monétaire international.

Je songe, par exemple, à l'Allemagne, où la pression de ses devises tendait à élever le taux, contrairement au système du Fonds monétaire international en France, où récemment, l'économie semblait vouloir rabaisser son taux de change. Mais il me semble que les droits de tirage spéciaux, loin d'être neutres, encourageraient les pays à remettre à plus tard l'étude de pareils problèmes, qui tendaient à influencer la valeur de leurs devises. D'une façon, les droits de tirage spéciaux donnent, si vous voulez, une corde aux pays membres qui veulent se pendre. Diriez-vous que cette observation est exacte?

**M. Hockin:** Monsieur le président, la question que M. Kaplan a soulevée a été longuement discutée par les personnes qui ont négocié les modifications aux articles dont vous êtes saisis. Je veux parler plus particulièrement de la question du manque de discipline qu'entraîne dans le système cette infusion supplémentaire de liquidités. Bon nombre de ceux qui étaient sceptiques quant à l'intérêt de créer ce genre de capital de réserve s'inquiétaient de cette même question.



*[Texte]*

This was the way it was handled: it was considered desirable to improve the so-called adjustment process that individual countries undertake—that is, the manner in which they respond through domestic policy changes to changes in their own external relations. For example, a country which is experiencing balance of payments deficits on a persistent basis will be encouraged more quickly and more vigorously to take action to restore its equilibrium. Similarly a country which is in a surplus position, with an upward pressure on its exchange reserves and its rate, would be encouraged to take proper action to deal with that aspect of it. Some of the subsidiary articles of amendments are designed to at least encourage and tighten up the system a bit in this direction, although not very much.

## • 1125

Mr. Handfield-Jones will be describing the changes in detail at a later stage, whenever you are ready. But this was one way in which it was felt desirable to deal with it. And it was generally recognized in all the public statements which were made about the special drawing rights that the activation of the drawing rights scheme would be related very directly to an improvement in the adjustment process, as it was going on.

Another way that this was dealt with was, in discussions amongst those negotiating, to sound each other out on what was considered to be the appropriate objective in creating liquidity, and the objective was decided to be that of creating an appropriate amount of liquidity in the system. It would be not so little that countries would feel overly defensive about the adjustments which have to go on.

After all, if you have all these countries trading with each other you are bound to have changes in a number of them going on all the time, and it was felt that if there was too little liquidity in the system they would tend to over-react and react too quickly in a way that would tend to set up a kind of wave of restrictionism as people tried to defend their positions too violently and too quickly without giving time to adjust. So that you did not want too little, and that was the fear they had.

On the other hand, it was agreed that if there should be too much created then it would have the consequences which you mention—that people would feel that they did not have to take the measures necessary to bring their own situations under control. There was no attempt to quantify what would be too much or too little because that would have to be decided closer to the time when you would

*[Interprétation]*

Voici la façon dont on a procédé: on trouvait qu'il était souhaitable d'améliorer le prétendu processus d'ajustement que les pays individuels entreprennent, c'est-à-dire la façon dont ils réagissent par des modifications de leur politique intérieure aux modifications de leurs relations avec l'étranger. Ainsi, un pays qui a constamment une balance des paiements déficitaire sera encouragé beaucoup plus rapidement et beaucoup plus fortement à prendre des mesures pour rétablir l'équilibre. De même, un pays qui a une balance des paiements excédentaire, qui tend à faire monter ses réserves de change, ainsi que le taux, sera encouragé à prendre les mesures voulues pour traiter de cet aspect du problème. Certains des autres articles des modifications sont conçus, du moins, pour pousser et resserrer un peu le système dans cette voie.

M. Handfield-Jones vous décrira ces modifications en détail plus tard, dès que vous le voudrez. Mais c'était, en tout cas, une façon de procéder que l'on estimait souhaitable. On a généralement reconnu, dans toutes les déclarations publiques qui ont été faites à l'égard des droits de tirage spéciaux, que l'activation de ce programme de droits spéciaux serait rattachée de façon très directe à une amélioration du processus d'ajustement.

On a aussi procédé d'une autre façon, par des entretiens entre les négociateurs, afin que chacun puisse indiquer ce qu'il considérerait comme étant l'objectif approprié pour créer cette liquidité, et l'on a alors décidé que ce serait de constituer un montant suffisant de liquidités dans le système. Il ne faudrait pas qu'il soit si petit que les pays seraient trop sur la défensive quant aux ajustements nécessaires.

Somme toute, beaucoup de pays participent au commerce international, mais c'est un secteur qui fluctue continuellement, alors, si les disponibilités liquides étaient insuffisantes, on estime que certains pays pourraient réagir sans mûre réflexion et pourraient ainsi déclencher une vague de restrictions; ils se hâteraient trop de défendre leurs positions, avant même qu'on puisse prendre des mesures correctives. Voilà ce que l'on craint, s'il y a insuffisamment de disponibilités liquides.

D'autre part, on a convenu de ne pas en permettre trop pour éviter les conséquences dont vous avez parlé, soit que certains soient d'avis qu'ils n'ont pas à prendre les dispositions voulues pour régulariser la situation. On n'a pas essayé d'établir quantitativement ce qui serait trop ou trop peu, car cela doit être arrêté au moment où l'on décide de passer à l'action. Mais on a longuement parlé du

[Text]

actually decide to activate the scheme, but there was a fair amount of discussion about the sorts of objectives that would be in people's minds. And this is reflected in the wording of both changes in the articles, of the explanatory material that was put out, and of the press releases which were issued at the time that countries agreed to go ahead with the scheme.

So that I cannot give you any precise assurance that the scheme will in fact be operated in a way to avoid the dangers which you mention, but certainly the dangers are very much in the minds of those who have been involved in the discussion and I believe they will be kept very much in mind when the time actually comes to activate the scheme and that they will be reflected in a decision as to how much to create at any one time.

**Mr. Kaplan:** You say now, with the two-price system for gold and the obvious indication that gold will trade considerably above the monetary price established by countries, that future increases in liquidity are going to depend entirely, probably, on the use of SDRs. In other words, it is hard to imagine that more gold will be introduced into the system with the price of gold in its nonmonetary aspect being so much higher than it is for purposes of dealing between nations. So that in a sense the gold system is not being terminated but the use of gold or the introduction of new gold into the monetary system probably will terminate.

• 1130

**Mr. Hockin:** Mr. Chairman, I think that you are perhaps drawing conclusions from this current state of affairs. As things stand at the moment, yes, the price of gold outside the relationships between monetary authorities is such that you will not have additions to monetary gold, and the countries adhering to the Washington declaration have said that they will not buy gold into the system, that they are satisfied that they have enough. This whole situation I think cannot be divorced from the disturbed international conditions that exist. What the situation will be if greater confidence is restored in the international monetary system and there is more stability in the whole system I do not know. It is hard to say what would happen to the price of gold in the projected market.

**Mr. Kaplan:** In any event, one of the themes in the price of gold is the prospect that the monetary buyers may have to enter the market or raise the price in order to be able to increase international liquidity for monetary transactions.

[Interpretation]

genre d'objectif auquel les gens songeraient, chose qui se reflète dans le libellé des deux modifications apportées aux articles, dans les notes explicatives et dans les communiqués émis au moment où les pays ont convenu de mettre ce programme en œuvre.

Ainsi, je ne puis vous donner explicitement l'assurance que ce programme fonctionnera de façon à ce qu'on puisse éviter les risques dont vous parlez, mais à coup sûr, ceux qui ont participé à la discussion en sont vraiment conscients, et je crois que l'on en tiendra compte en temps voulu lorsque le programme sera mis en marche, chose qui se reflétera dans les décisions concernant ce qu'il faut établir à n'importe quel moment donné.

**M. Kaplan:** Avec le régime de deux prix pour l'or et alors que les échanges se feront manifestement à des prix beaucoup plus élevés que le prix monétaire fixé par les pays, vous dites que toute hausse des avoirs liquides dépendra exclusivement peut-être du recours aux droits de tirage spéciaux. Il est difficile de concevoir qu'une plus forte quantité d'or sera insufflée dans le système alors que le prix de l'or sous son aspect non monétaire est beaucoup plus élevé qu'aux fins des transactions internationales. En un certain sens, le système de l'or n'est pas aboli mais l'utilisation ou l'insufflation de l'or dans le système prendra probablement fin.

**M. Hockin:** Monsieur le président, je pense que vous tirez peut-être vos conclusions de la situation actuelle. Dans l'état actuel des choses, le prix de l'or, exception faite des rapports entre les autorités monétaires, est tel qu'on n'ajoutera pas à l'or monétaire et les pays signataires de la déclaration de Washington ont dit qu'ils ne verseraient pas d'or dans le système puisqu'ils jugent en avoir suffisamment. Cette situation doit être étudiée dans le contexte de la situation internationale actuelle. J'ignore ce qui se produira si l'on reprend confiance dans le système monétaire international et si le système acquiert plus de stabilité. Il est difficile de prévoir quelles seraient les répercussions sur le prix de l'or.

**M. Kaplan:** Une des craintes, touchant le prix de l'or, est que les acheteurs monétaires devront s'adresser au marché ou hausser le prix afin d'accroître les liquidités internationales.



## [Texte]

**Mr. Hockin:** I am sure that the people who have been buying gold have this as one of the elements in their thinking. I would say in broader terms that, of course, the whole thinking behind the SDR scheme was the forecast which we made even before the difficulties which gave rise to this gold speculation, the prospect of having sufficient accretion to reserves generally from new mined gold and from a continuation of the deficits of the reserve currency countries, which have the effect of creating liquidity in the hands of the rest of us. But the prospects for these two together were such that in the views of those countries negotiating the SDR schemes, it would not be sufficient to meet in the long run the requirements of the international system for adequate supplies of reserves. And it was for that reason that they wanted to come together and create something which would supplement existing reserve assets.

I do not think anyone has tried to take a firm view as to what the future role of gold will be in the very long run. I think that the implications of the scheme are that over time, if the forecasts have been right and gold does not play an increasing role in the international monetary system, the proportion of total reserves will tend to be taken by those assets which are increasing, such as SDRs, but this is something which time alone will tell, and there is nothing in the scheme which says that gold will not be able to play a role. The scheme makes provision for three types of reserve assets; gold, reserve currencies and the SDRs.

**Mr. Kaplan:** The last area that I wanted to explore is Canada's liquidity position. I found out from the Bank of Canada that our increase in our monetary supply is about 15 per cent a year currently and that the increase in the monetary supply in the United States, for example, is only about 9 per cent a year. Do you think if that policy is continued that that will affect our quota under the International Monetary Fund or prejudice the exchange rate at which our currency trades?

**Mr. Hockin:** I think perhaps you may wish to talk to Bank of Canada witnesses on this.

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**The Chairman:** That was what I was going to suggest, Mr. Kaplan. We are supposed to have a representative from the Bank of Canada. I thought your question was somewhat out of order.

**Mr. Kaplan:** Well, it has to do with the International Monetary Fund because of our commitments to maintain our...

## [Interprétation]

**M. Hockin:** Il est certain que ceux qui achètent de l'or y songent. De façon plus générale, je dirai que toute la pensée qui sous-tend le système des droits de tirage spéciaux est fondée sur les prévisions que nous avions faites avant les difficultés qui ont engendré la spéculation, et que si nous voulons augmenter les réserves de façon normale, à partir de la nouvelle production d'or et des déficits des pays à monnaie de réserve, ce qui crée plus de liquidités pour nous, je pense que de l'avis des pays qui négocient cette entente des droits de tirage spéciaux, ces sources d'approvisionnement ne suffiraient pas à la longue aux réserves du système international. C'est pour cette raison que les pays ont voulu se grouper et créer un organisme qui permettrait de compléter les réserves actuelles.

Je ne crois pas qu'on se soit arrêté sérieusement au rôle futur de l'or à longue échéance. Les conséquences du programme sont telles que si les prévisions s'avèrent et que le rôle de l'or dans le système monétaire international s'amenuise, une proportion des réserves totales sera constituée par les avoirs à la hausse, comme, par exemple, les droits de tirage spéciaux. Mais on ne le saura qu'avec le temps et le nouveau programme n'entend pas empêcher l'or de jouer un rôle plus important. Il prévoit trois genres de réserves: les monnaies de réserve, l'or et les droits de tirage spéciaux.

**M. Kaplan:** Ma dernière question porte sur l'état des liquidités du Canada. J'ai appris de la banque du Canada que l'augmentation annuelle de nos réserves monétaires est présentement d'environ 15 p. 100 tandis qu'aux États-Unis elle n'est que de 9 p. 100. Pensez-vous que si cette politique se poursuit, notre quota au Fonds monétaire international et le taux de change de nos devises seront modifiés?

**M. Hockin:** Vous pourriez peut-être en parler aux représentants de la Banque du Canada.

**Le président:** Oui, c'est ce que j'allais suggérer. Nous allons inviter un représentant de la Banque du Canada. Je pense que votre question s'écarte un peu du sujet.

**M. Kaplan:** Elle touche le Fonds monétaire international car nous avons des engagements...

[Text]

**The Chairman:** But, Mr. Kaplan, does it not come more under the responsibility of the Bank of Canada?

**Mr. Kaplan:** Well, if Mr. Hockin thinks so.

**Mr. Hockin:** I think perhaps you will get a better answer from the Bank of Canada, whose responsibility it is to deal with...

**Mr. Kaplan:** It struck me that the disparity was enormous between what we are doing and what the Americans are doing, and particularly now with Mr. Nixon and his concern for monetary policy which is probably much greater than his predecessor's concern for it.

**Mr. Hockin:** Well, Mr. Chairman, any of these simple statistics have to be looked at in some depth and sometimes the surface figures can be misleading. I think the Bank of Canada would be in a better position to go into some of this with you than I would and, hopefully, would be able to explain to you the relationship better than I could.

**Mr. Kaplan:** Thank you.

**The Chairman:** Mr. Danson, on a supplementary, followed by Mr. Lambert.

**Mr. Danson:** This is supplementary to Mr. Kaplan's first question of possible abuses of the system by countries that do not maintain their domestic financial stability, as I gathered it. In your opening statement, Mr. Hockin, you mentioned that the first 25 per cent can be borrowed virtually automatically but the balance then is not automatic. Is there a discipline here and a judgment made by the Directors of the Fund, I would assume, on the stability of the country and the use of the funds?

**Mr. Hockin:** The reference that you are making there I believe, Mr. Danson, is to the traditional area of the International Monetary Fund, not to the SDRs.

**Mr. Danson:** Oh, I see.

**Mr. Hockin:** And there is very definitely an element of discipline there. Mr. Handfield-Jones could perhaps tell you a little more about that if you would like him to.

**The Chairman:** Mr. Handfield-Jones.

**Mr. S. J. Handfield-Jones (Director of International Finance):** Mr. Chairman, I would like to stress the fact that the addition of this new facility to the Fund does mean that there will now be two major channels through which the Fund can provide the financial resources to countries to help meet

[Interpretation]

**Le président:** Mais est-ce qu'elle ne relève pas plutôt de la compétence de la Banque du Canada?

**M. Kaplan:** Je m'en remets à M. Hockin.

**M. Hockin:** Les représentants de la Banque du Canada seront probablement en mesure de vous fournir une meilleure réponse.

**M. Kaplan:** Je suis étonné de l'écart énorme entre ce que nous faisons et ce qui se fait aux États-Unis. Surtout que M. Nixon s'intéresse davantage à la politique monétaire que son prédécesseur.

**M. Hockin:** Il est nécessaire d'étudier les statistiques à fond. Les chiffres sont souvent trompeurs à première vue. Je crois que la Banque du Canada sera plus en mesure d'exposer cette question et pourra vous expliquer les rapports mieux que je ne saurais le faire.

**M. Kaplan:** Merci.

**Le président:** Une question supplémentaire.

**M. Danson:** Je voudrais revenir à ce qu'a dit M. Kaplan au sujet des abus possibles de ce système de la part des pays dont la stabilité financière est laissée à l'abandon. Au début, M. Hockin, vous avez dit que les premiers 25 p. 100 peuvent être empruntés presque automatiquement mais que ce n'est pas le cas pour le reste. S'agit-il d'une discipline ou d'un jugement posé par les directeurs du Fonds quant à la stabilité financière du pays et l'emploi des fonds?

**M. Hockin:** Je crois que vous faites allusion au rôle traditionnel du Fonds monétaire international et non pas aux droits de tirage spéciaux.

**M. Danson:** Je comprends.

**M. Hockin:** Il y a certainement un élément de discipline ici. M. Handfield-Jones pourrait peut-être vous en parler plus longuement.

**Le président:** M. Handfield-Jones a la parole.

**M. Handfield-Jones:** Monsieur le président, je voudrais dire que par l'addition de cette nouvelle structure, le Fonds disposera de deux voies distinctes pour distribuer les ressources financières aux pays dont la balance des paiements est déficitaire. Le nouveau droit de tirage spécial met des ressources



[Texte]

balance of payments deficits. The new facility, the Special Drawing Rights facility, provides entirely unconditional financial resources which countries will be able to use when they like without condition and therefore could possibly incur the dangers of the abuse of and weakening of a country's determination to follow appropriate policies.

On the other hand, the credits available under the existing facilities of the fund are essentially conditional in nature and it will be very important to make sure that the two horses are run in harness and that the right blend is achieved in the supply of unconditional and conditional liquidity. Certainly in the traditional functioning of the Fund, the Fund does ensure that countries who are making very substantial use of its resources are following the sort of policies which can be reasonably expected to bring the countries' payments difficulties to an end within a reasonable period of time. You have to think of a blend operation here.

**Mr. Danson:** Thank you very much.

**Mr. Lambert (Edmonton-West):** The question I want to touch on, Mr. Chairman—perhaps other members of the Committee may have got into it yesterday when I was not present in the earlier part of the hearings. . .

**The Chairman:** You mean on Tuesday?

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**Mr. Lambert (Edmonton-West):** Yes. I should have said Tuesday. I am a little concerned with what appears to be some inconsistency in interpretation of the use of special drawing rights, as I will demonstrate. There was perhaps a question in my mind, when we were discussing this at second reading, on the holding of special drawing rights in the Currency, Mint and Exchange Fund for Canada.

Now, as I see it indicated, the real reason for the special drawing rights would be because the gold tranche and the credit tranche now existing in the International Monetary Fund would not be sufficient to provide, shall we say, the necessary working capital for international trade and therefore there had to be something further. These special drawing rights have been likened by some financial writers to a form of permanent overdraft with the IMF. I would rather think that in a business sense they were more of an established line of credit.

But what is going to be the purpose of the special drawing right? I have seen it suggested that less and less reliance will be placed upon the gold content and the national currency content of a country's quota and that it

[Interprétation]

financières à la disposition des pays sans condition ce qui peut entraîner certains abus ou encore affaiblir la volonté de certains pays quant à l'application des politiques voulues.

D'autre part, les crédits accordés actuellement par le Fonds sont soumis à certaines conditions et il faudra s'assurer que les deux marchent de front et qu'on en arrive à la meilleure combinaison possible des crédits conditionnels et des crédits inconditionnels. Dans le fonctionnement traditionnel du Fonds monétaire international, le Fonds s'assure que les pays qui profitent considérablement de ses ressources suivent certaines politiques propres à mettre fin à leurs difficultés de balance des paiements dans une période de temps raisonnable. En somme, il faut voir l'ensemble du problème.

**M. Danson:** Merci beaucoup.

**M. Lambert (Edmonton-Ouest):** Monsieur le président, je voudrais poser une question mais peut-être que d'autres membres du comité en ont parlé en mon absence.

**Le président:** Vous voulez dire mardi?

**M. Lambert (Edmonton-Ouest):** Oui, c'est bien cela. Mais je m'inquiète d'un certain manque de logique dans l'interprétation de l'utilisation du droit de tirage spécial et je le démontrerai. La question qui me venait à l'esprit lors de l'étape de la deuxième lecture, concernait la détention pour le Canada des droits de tirage spéciaux par la Monnaie et le fonds des changes.

Mais comme on l'indique je pense que la raison véritable de l'existence de ce fonds est que la couverture or et la tranche de crédit existant actuellement au Fonds monétaire international ne sont pas suffisantes pour constituer un fonds de roulement nécessaire au commerce international, donc il doit y avoir quelque chose de plus. Les droits de tirage spéciaux comme certains journalistes financiers l'ont mentionné seraient comme un tirage supplémentaire permanent auprès du FMI mais pour ma part je pense qu'il s'agit plutôt de crédit au sens où on l'entend dans les affaires.

Alors quelle sera la fonction du droit de tirage spécial? On a laissé entendre qu'on aura de moins en moins confiance au contenu d'or du quota et au contenu en devises du contingentement d'un pays et qu'en s'en remet-

[Text]

will rely more and more upon SDRs. Yet I see in some writings that SDRs will not be available for the purpose of dealing with balance of payments problems—shall we say, short-term crises caused by a number of reasons, and that these will have to be cleared up through internal action by the country in question and the SDRs will be used for the settling of international payments in the ordinary course.

Other writers say, however, that SDRs are being created for dealing primarily in emergencies. I must confess that I am left a little confused because it seemed to me implicit that SDRs had been created as the result of financial crises engendered by a number of causes but primarily a deficiency in payments—in other words, the United Kingdom's problem, the United States's problem, Canada for a while, and other countries, and that these would be available in a relatively short period of time with up to five years for repayment, thereby providing an additional degree of flexibility so that a country would not have to devalue or take other very drastic action, thereby resotring a climate of confidence and, shall we say, calm in the International Monetary field.

Now, with that great preamble, I am going to put this question. Where do special drawing rights sit, and what are they to be used for?

**Mr. Hockin:** Mr. Chairman, perhaps it would be helpful here if we elaborated a little bit about the way the system will operate, broadly speaking.

At the moment countries have holdings of gold and reserve currencies which they count in their reserves. In the normal course of events these reserves are not completely stable—they increase and decrease from time to time depending upon fluctuations in a country's balance of payments, which is quite normal. Over short runs you have seasonal factors which affect them, there may be certain times of the year when a country's balance of payments is normally strong and their reserves may tend to rise, there may be other times of the year when they are weak and they tend to fall because the reserves are used to make sure that any deficiencies in the supply of a country's currency to meet payments are made available from the exchange reserves. So that you have a supply of currency.

It is like a person's bank balance. At certain times of the month or year it is higher than at other times but he likes to have a certain balance which he has completely at

[Interpretation]

tra de plus en plus au droit de tirage spécial. Cependant, je vois dans certains articles que les droits de tirage ne pourront être utilisés pour aplanir les difficultés de la balance de paiements, c'est-à-dire des crises à court terme, causée par quelque raison que ce soit et que de tels cas devront être éclaircis par le pays en cause. Le droit de tirage spécial sera utilisé pour régler les paiements internationaux de façon normale.

D'autres disent que le droit de tirage spécial a été créé principalement pour faire face aux urgences. Je dois avouer que je ne comprends pas très bien car à mon avis il me semble implicite que les droits de tirage spéciaux avaient été créés à la suite de crises financières engendrées par un bon nombre de causes mais principalement par les déficits dans les paiements comme les problèmes du Royaume-Uni, ceux des États-Unis, ceux du Canada pendant quelque temps et ceux d'autres pays et que ce droit existerait à court terme, par exemple, un délai de cinq ans étant prévu pour le remboursement. Afin de pouvoir régler ces problèmes et d'accorder plus de souplesse pour qu'un pays n'ait pas besoin de dévaluer sa monnaie ou prenne encore des mesures très sévères, ainsi on peut restaurer la confiance et le calme dans les finances internationales.

Alors voici pour le préambule, maintenant la question. A quelle fins utilisera-t-on le droit de tirage spécial?

**M. Hockin:** Monsieur le président, il serait peut-être utile que j'explique un peu plus longuement comment ce système fonctionnera de façon générale. Certains pays à l'heure actuelle ont des avoirs en or et en devises qu'ils font figurer dans leurs réserves. De façon normale, les réserves ne sont pas tout à fait stables. Elles augmentent et diminuent à l'occasion. Cela dépend des fluctuations de la balance des paiements et tout cela est normal. A court terme, il y a des facteurs saisonniers qui les affectent. A certaines périodes de l'année, la balance des paiements d'un pays est ferme et ses réserves tendent à augmenter; à d'autres, elles sont faibles car les réserves sont utilisées pour combler certains déficits dans la circulation monétaire d'un pays, pour faire face aux paiements, etc, ainsi vous avez une augmentation de la masse monétaire.

C'est comme votre solde à la banque. Parfois vous en avez plus et parfois moins. Il y a un certain solde qu'on a à sa disposition—on n'a pas besoin de demander la permission à



*[Texte]*

his own disposal. He does not have to ask anybody's permission to use it when he wants to. He normally does not ever let the thing run out because that could get a little difficult for him. But he has his own idea of a minimum balance that he wants to keep.

Heretofore the supply of the various types of assets—gold and reserve currencies, has been sufficient in the system that, by and large, taking the good with the bad over the long run, countries have been satisfied with the amount of reserves which they have held. When they get into real balance of payments problems—crises, in addition to using those balances which they have at their own disposal they have been able to go to the IMF and make a drawing. The bigger the drawing gets the more conditional it becomes, the more the banker says: "If we give you this money we want you to behave; we want to be satisfied that you are taking steps to right your position".

But when he goes to the IMF the reserves which he gets then to intervene in the market, to protect his currency, are conditional in one degree or another except for the first gold tranche. Countries have been able to operate on this system—going into the IMF when they have had a crisis and then, as they restore their position, pay back the IMF, as it were.

The fear was that countries are not satisfied, as the volume of their payment goes, to rely entirely upon this conditional credit to meet their extra requirements. They say: "because our payments are going to go up 30 or 40 per cent we want to have some increase in the bank balances which are available to us, that are our own and which we can use without any question by anybody". If the supply of assets available to go into those bank balances, as it were, does not grow then countries may tend to get very competitive with each other to capture the inadequate stock—they may take steps to restrict payments, they may take steps to try and get ahead of their neighbour too vigorously—and it was for this reason that it was felt that it would be desirable to supply extra assets so that the assets which countries hold and own and can use without any question from anybody have the capacity of growing without this kind of competitive action. This does not mean to say that it would grow enough to make it unnecessary for them ever to use the kind of bank credit that they would get from the IMF or from other sources. This comes back to the question Mr. Kaplan raised about the balance between these two.

*[Interprétation]*

qui que ce soit pour dépenser ce qu'on veut. D'habitude on essaie de ne pas manquer de fonds mais chacun sait quel est le solde minimum qu'il veut conserver.

Alors, la quantité de réserves soit en devises, soit en or, a été suffisante jusqu'ici mais à long terme les pays étaient satisfaits de leurs quantités de réserves. Mais lorsqu'un pays connaît des crises et a de grandes difficultés dans la balance des paiements, sans compter l'utilisation d'une grande partie de ses réserves, il pouvait faire un tirage sur le Fonds monétaires international. Plus le tirage était important plus il y avait de conditions qui s'y attachaient. Le banquier peut dire par exemple: Si vous prenez cet argent, nous voulons être convaincus que vous prendrez les mesures pour corriger la situation.

Lorsqu'un pays se présente au Fonds monétaire international et obtient alors des réserves supplémentaires afin d'intervenir sur le marché pour protéger sa propre monnaie, ces réserves sont conditionnelles à divers degrés, sauf pour la première tranche, la tranche or. Les pays s'en sont tenus à ce système en se présentant au Fonds monétaire international et en remboursant plus tard, bien sûr.

On a craint que les pays qui ont des volumes de paiements plus élevés ne veuillent plus se fier à ce crédit sous condition pour rejoindre leurs besoins spéciaux, en disant que cela augmente les paiements de 30 ou 40 p. 100. Ils veulent un crédit qui leur appartienne pleinement et qu'ils peuvent retirer sans en rendre compte aux autres. Si les disponibilités d'actifs qui entrent dans ces comptes n'augmentent pas, alors les pays peuvent se concurrencer dans l'obtention de ces disponibilités trop rares; ils peuvent prendre des mesures pour restreindre les paiements; ils peuvent prendre des mesures trop draconiennes pour dépasser leurs voisins et pour cette raison on a pensé qu'il serait souhaitable de fournir des avoirs supplémentaires, car en plus des avoirs qu'un pays possède en propre, ces avoirs peuvent augmenter en dehors de toute compétition. Cela ne veut pas dire que ces avoirs augmenteraient suffisamment pour qu'ils n'aient plus à utiliser le crédit accordé par le Fonds monétaire international et cela revient à la question de M. Kaplan, c'est-à-dire l'équilibre entre les deux.

[Text]

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The purpose is that the increase in the country's owned assets should be sufficient to make it comfortable in its day to day transactions—that is, it should feel that it could meet any sudden demands on it for funds without having to go and borrow money, as it were. At the same time we recognize that that should not take care of all their requirements, including crises requirements, that the crises requirements should continue to be taken care of by conditional credit of one kind or another. And as Mr. Handfield-Jones said a minute ago, you have to run these two together and make sure that the availability of assets to a country to hold in its own reserves is kept in some proper perspective to the amount of conditional credit which is made available to it when it gets in balance of payments difficulties and has to have that outside support.

That is the reason that at this point we are dealing only with the first kind—the availability of the asset the countries can hold in their reserve and use without any question. These are their bank balances.

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The system does provide for changes in the amount of conditional credit which is available. I think it is important to realize that that use of conditional credit will go on just as it has in the past. It is not going to be diminished in importance. It will continue to go on and, as the need for more of this conditional credit is demonstrated, then the Fund can come back and ask for increases in quotas which will provide that extra conditional credit.

As a matter of fact, the first time that this SDR scheme, or the need for it, was discussed before this Committee it was done against the background of legislation enabling Canada to increase its quota in the Fund. At that time we were dealing with the conditional side; now we are dealing with the unconditional side. The two are intimately related but are separable in accounts within the IMF and are separable conceptually but, quite clearly, as Mr. Handfield-Jones said a moment ago, they have to be planned and used together so that you do not get too much unconditional credit which would weaken the discipline of the system, you do not get too much reliance on conditional credit and not enough unconditional credit so that countries become over-protective in their policies.

[Interpretation]

L'objectif est le suivant: l'augmentation des avoirs d'un pays devrait être suffisante pour qu'il soit dans une position confortable dans ses transactions quotidiennes et qu'il puisse faire face à toutes demandes de fonds soudaines sans avoir à emprunter comme par le passé. En même temps, on reconnaît que cela ne tient pas compte de tous les besoins, notamment ceux surgissant des crises. Les besoins urgents pourront continuer à être couverts par un crédit conditionnel de quelque genre que ce soit. Comme M. Handfield-Jones l'a dit il y a quelques minutes les deux doivent être parallèles. Il faut être certains que la quantité d'avoirs à la disposition des pays aux fins de leurs réserves soit gardée en proportion avec les crédits sous condition qu'on met à leurs dispositions lorsqu'il y a des difficultés de balance des paiements, et qu'il leur est nécessaire d'obtenir de l'aide extérieure en somme.

C'est pour cette raison que si nous étudions seulement le premier point, c'est-à-dire de mettre à la disposition des pays des avoirs dont ils peuvent se servir sans conditions. Ce sont leurs soldes de banque.

Le système prévoit des changements dans le crédit conditionnel qui devait être accordé et il est important de se rendre compte que l'utilisation du crédit conditionnel se poursuivra comme par le passé. Cela n'aura pas moins d'importance; et lorsqu'il faudra plus de crédit de ce genre, lorsqu'on aura prouvé que ces besoins existent, le Fonds pourra demander les contingentements nécessaires à l'octroi du crédit supplémentaire.

En fait, c'était la première fois que le droit de tirage spécial était discuté au Comité, dans le cadre d'une loi qui permettra au Canada d'augmenter son quota pour ce qui est du Fonds. On avait parlé du conditionnel, maintenant on traite du crédit sans condition. Ce sont deux comptes distincts au sein du Fonds monétaire internationale. Les principes sont distincts mais, comme M. Handfield-Jones l'a dit, il y a quelques minutes, on doit les planifier et les utiliser conjointement, car il ne faut pas recevoir trop de crédit sans condition, ce qui affaiblirait le système; on ne peut pas trop se fier au crédit conditionnel, et pas assez au crédit sans condition, de manière que les pays deviennent trop protectionnistes.



## [Texte]

**Mr. Lambert (Edmonton-West):** I take it then that the version that says that this is in effect a permanent line of credit to be used for normal requirements is the correct one, that it has nothing to do whatsoever with dealing with crises and that you still use that conditional side to really deal with crises arising for whatever reasons, they may.

**Mr. Hockin:** That is right. And it quite clearly declared that the decision to provide increases in SDRs, when it is activated, will be taken not with an eye to dealing with particular crises or particular problems of individual countries but with an eye to the workings of the system itself and the need of the system as a whole for liquidity.

The intent is that the decision would be taken on a kind of trend line so that you would say that we will agree now for a certain number of years that there will be an increase in SDRs each year of such and such an amount. It will not be so rigid that you could not change it if it was discovered part way through the time period that the decision had been wrong or the conditions had changed, but essentially the objective is to take a long run view and provide for a general increase in credit which would just go on on a regular basis for the agreed period of time and that this would not be affected by particular difficulties that particular countries might have at any time within that period.

**Mr. Lambert (Edmonton-West):** Is it the intention under the Currency, Mint and Exchange Fund Act that Canada's exchange reserve position will show precisely what it is — SDRs as distinct from others, or will this all be lumped together?

**Mr. Hockin:** Mr. Chairman, we have not worked out the details of the method of presentation of the figures. As you know now, when we issue the monthly reports of the exchange reserves we first of all just lump together gold and reserve currencies. We do not provide a breakdown in that statement. Then we show, in addition, our creditor position in the IMF, which is not strictly speaking our reserves but is so similar to reserves that it is coming to be regarded as available to a country and therefore should be, as it were, counted conceptually in the availability of reserves that that country has which it can lay its hands on quickly. We report this every month in the same press release. So that you have two items there. Then at a subsequent point in the Bank of Canada's statement there is a breakdown between the gold and the reserve currency element and in some way we will certainly make available on a regular

## [Interprétation]

**M. Lambert (Edmonton-Ouest):** C'est un crédit qui peut être utilisé dans des conditions normales. C'est une bonne interprétation. Et cela n'a rien à voir avec les crises, mais on peut toujours l'utiliser en cas de crise.

**M. Hockin:** En effet, et on déclare bien clairement que si on décide d'augmenter les droits de tirage spéciaux, ce sera non pas pour régler des crises particulières ou les problèmes individuels d'un pays, mais plutôt pour que tout le système des liquidités fonctionne. Ces décisions seront prises selon les tendances.

On peut accepter que, pour un certain nombre d'années, il y ait une augmentation de tant pour cent des droits de tirage spéciaux. Ce ne sera pas rigide au point où on ne pourra rien modifier, mais si la décision avait été prise à tort ou si les conditions changent, on peut faire les modifications nécessaires, mais quand on prend une décision, c'est à long terme, et la tendance pour obtenir ce crédit se poursuivrait à long terme. Cela ne sera pas touché par les difficultés particulières d'un pays à un moment ou l'autre.

**M. Lambert (Edmonton-Ouest):** Conformément à la Loi sur la monnaie, l'Hôtel des monnaies et le fonds des changes, la réserve en devises du Canada sera-t-elle distincte des droits de tirage spéciaux, ou est-ce que tout cela sera regroupé?

**M. Hockin:** Monsieur le président, nous n'avons pas étudié tous les détails de présentation, des chiffres, mais comme vous le savez maintenant, lorsque nous publions le rapport mensuel de la réserve des devises, on réunit l'or et les devises. On ne donne pas la ventilation. Ensuite, on indique notre position de crédit au Fonds monétaire international. Cela ne correspond pas exactement à nos réserves, mais on considère habituellement que cette somme est à la disposition du pays et cela tient compte de la somme de nos réserves. C'est le rapport qu'on présente chaque mois, et dans le même communiqué, ces deux articles sont présents. D'autre part, dans le rapport de la Banque du Canada, on distingue la réserve d'or et la réserve de devises et, d'une certaine manière, on publie de façon régulière le détail de nos avoirs.

[Text]

basis the breakdown of the different types of assets which we hold.

Mr. Chairman, Mr. Handfield-Jones has reminded me that the Committee had asked at its last session for some figures about the growth of world trade and the growth of reserve assets and it might be helpful to the Committee, having in mind the train of questioning which you have put to us now, to have copies of this tabled. It might help you.

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Mr. Gray: Mr. Chairman, I would suggest that we ask our Clerk to have copies distributed.

I move that we have these figures printed in our proceedings today.

The Chairman: If I remember well, these figures were requested by Mr. Gillespie.

Mr. Gray: Yes, that is right.

The Chairman: Mr. Gray has moved that these figures concerning world trade and international liquidity in the postwar period be printed as an appendix to today's proceedings?

Motion agreed to.

See Appendix AAA attached.

Mr. Kaplan: Mr. Chairman, may I ask a supplementary question.

The Chairman: Yes, Mr. Kaplan.

Mr. Kaplan: It is along the line that Mr. Lambert was developing. I am sorry to be asking more than my share of questions.

Do you think that if the reserve currencies falter—for example, if the United States is unsuccessful in trying to restore its imbalance of trade, that the SDRS could replace the reserve currencies in the IMF?

Mr. Hockin: Mr. Chairman, the role of the United States balance of payments deficit is that it in fact creates reserves for other countries. To the extent that the U.S. does not reduce its balance of payments deficit then the supply of U.S. dollars which the rest of us get, and are prepared to hold, increases. We hold those as reserves. They are reserves to us although they are domestic currency to the United States. So that as they have a large balance of payments deficit then the available supply of reserve currencies to the rest of us increases, and to the extent that that amount of reserves is large then the necessity of supplementing it by the creation of new reserve assets diminishes.

Mr. Kaplan: But then it might be in the interest of the United States to want to with-

[Interpretation]

M. Handfield-Jones m'a rappelé que des membres du Comité avaient demandé des chiffres à la dernière séance sur la croissance des échanges internationaux et sur l'augmentation des avoirs. Après avoir entendu les questions que vous avez posées, je voudrais qu'on vous distribue des exemplaires de ce tableau.

M. Gray: Je propose qu'on distribue ce tableau, et qu'on l'imprime en annexe à notre compte rendu.

Le président: Je pense que M. Gillespie l'avait déjà demandé.

M. Gray: C'est juste.

Le président: Alors on vient de proposer que le tableau «Échanges mondiaux et liquidités internationales dans la période d'après-guerre» soit imprimé en annexe au compte rendu d'aujourd'hui. La proposition est adoptée.

(Voir annexe AAA.)

M. Kaplan: Monsieur le président, puis-je poser une question supplémentaire?

Le président: Allez-y, monsieur Kaplan.

M. Kaplan: Ça fait suite à ce que vient de dire M. Lambert. Si la réserve de devises n'est pas suffisante, ou si les États-Unis ne réussissent pas à solder leur balance des paiements, croyez-vous que les droits de tirage spéciaux pourraient remplacer la réserve de devises, au Fonds monétaire international?

M. Hockin: Le déficit de la balance des paiements, aux États-Unis, en fait, crée des réserves pour les autres pays. Dans la mesure où les États-Unis ne réduisent pas leur déficit de la balance des paiements, la quantité de dollars américains que nous pouvons obtenir augmente. C'est une réserve pour nous. Alors, comme les États-Unis ont un important déficit de la balance des paiements, cela nous fournit des réserves supplémentaires. Dans la mesure où cette quantité de réserve est importante, il est donc moins nécessaire d'augmenter nos réserves.

M. Kaplan: Est-ce dans l'intérêt des États-Unis de voir à ce que les droits de tirage



[Texte]

draw its currency as a reserve currency and to see the SDR supplemented so that there would not be an extra reason for maintaining an imbalance of trade.

**Mr. Hockin:** Well I do not think that the United States feels that it must maintain a deficit at this time in order to provide reserves to the rest of the world. Rather, the way the group negotiating this looked at it was that the United States had declared publicly, and had backed it up with vigorous action, that it was going to reduce its balance of payments deficit and eliminate it, and it was the prospect of that and the implications it had for the drawing up of reserve currencies available to the rest of us that suggested to us that we needed to create a new kind of reserve asset which the rest of us could hold.

**Mr. Lambert (Edmonton-West):** The reason I was asking was that in the material provided to us there was an article in November by a financial writer in the *Toronto Telegram*, which read in part—and I think you will see how it confuses it:

The SDR arrangements will not eliminate the need for trading nations to try to balance their international payments. But they are a promising means of eliminating the monetary crises that are recurring more and more often, and building equilibrium in international trade and finance.

You may see that perhaps this is why I had this doubt in my mind.

I have a final question. I believe it has been said on a number of occasions that actually the amount of reserve currency available in the world was really the result of the export of the deficiency of payments by a country, particularly the United States. Now this may be oversimplifying it but I am wondering whether there is an element of truth in that, and what would be the views of either of the witnesses as to the validity of such a statement?

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**The Chairman:** Mr. Handfield-Jones?

**Mr. Handfield-Jones:** Mr. Chairman, I wonder if I might speak to the table that has been circulated since it does seem to me that it gives some quantification of the experience and may help to answer the questions which both Mr. Kaplan and Mr. Lambert have now asked. This table shows the changes between 1950 and 1967 in some of these major aggregates of trade and liquidity. I should perhaps explain that we begin the table with 1950 since this is about as far back as we can

[Interprétation]

spéciaux complètent leurs avoirs? Ils ont peut-être raison de maintenir un déficit de la balance des paiements.

**M. Hockin:** Je ne pense pas que les États-Unis se sentent obligés de conserver un déficit pour aider le reste du monde, mais en négociant cela, on a vu que les États-Unis avaient déclaré publiquement qu'ils voulaient réduire leur déficit de la balance des paiements et l'éliminer, et dans cette perspective, en songeant aux conséquences et au tirage de réserves disponibles pour les autres, on a songé à créer de nouveaux avoirs de réserve qui pourraient être détenus par les autres pays.

**M. Lambert (Edmonton-Ouest):** J'avais posé cette question. J'ai lu un article, en novembre, dans le *Toronto Telegram*, sur les finances, où on disait:

Les dispositions relatives aux droits de tirage spéciaux ne supprimeront pas la nécessité, pour les nations commerçantes, d'essayer d'équilibrer leur balance des paiements. Mais il sera bientôt possible d'éviter les crises monétaires, de plus en plus fréquentes, et d'équilibrer le commerce mondial et les finances internationales.

C'est pour ça que j'avais des doutes. Voici ma dernière question. Je pense qu'on a dit à maintes reprises que la réserve de devises dépendait des exportations des déficits de la balance des paiements de certains pays, notamment des États-Unis. C'est peut-être une grande simplification, mais il y a un élément de vérité. Je voudrais connaître l'opinion des témoins sur cette question; je voudrais savoir si cela est valide ou possible.

**Le président:** Monsieur Handfield-Jones?

**M. Handfield-Jones:** Monsieur le président, je me demande si je pourrais parler du tableau que l'on a distribué, car il me semble qu'il donne une certaine quantification de l'expérience et peut répondre en partie aux questions que viennent de poser M. Kaplan et M. Lambert. Ce tableau indique les changements intervenus entre 1950 et 1967 dans le domaine des échanges et des liquidités. Je voudrais expliquer que nous avons pris comme point de départ l'année 1950 parce que

## [Text]

conveniently present the figures in consistent form and also because it is a year in which one can say that more normal circumstances began to prevail.

During this 17-year period, as the Committee will see, the total of world trade has risen from just under \$60 billion to over \$200 billion. This is an annual rate of growth of 7.6 per cent. Indeed if one looks within this period, the rate of growth has been accelerating; trade has been growing even more rapidly in the latter part of this period than in the earlier part of this period.

This very substantial growth in the total quantity of world trade was financed on a stock of international liquidity which grew very much less, as you will see from the second line of this table. It only grew by about 2.5 per cent, but we have broken this down in various ways. First of all we show the breakdown of the total liquidity between gold, foreign exchange and IMF positions, IMF positions being essentially the gold contributions to the Fund, and in addition the growth of creditor positions. But the interesting element here is that gold has risen by a very modest amount of .9 per cent a year, and much of the growth which has taken place in international liquidity has taken the form of the growth of foreign exchange balances.

We have also broken down the total to separate the reserve assets held by the United States and the reserves of all other countries. And this shows that the reserve assets of the United States fell over the 17-year period from \$24 billion to about \$15 billion, while the reserves of other countries rose from their level of \$24.6 billion in 1950, when they were only slightly in excess for all other countries in the world of the reserve assets held by the United States, to a figure of nearly \$60 billion in 1967. And for all other countries in the world other than the United States, the growth in reserves has been at an annual rate of 5 per cent, which is much more nearly comparable to the growth in world trade than the 2.4 per cent for international liquidity as a whole.

And if one looks a little more closely at the U.S. position, one can see that not only have the reserve assets, primarily the gold stock of the United States, declined over this period, but there has also of course been a substantial increase in the U.S. reserve liabilities, the

## [Interpretation]

nous pouvions difficilement retourner plus loin en arrière et présenter malgré tout les chiffres sous une forme qui se tint, et aussi parce que 1950 est une année où la situation était plus ou moins revenue à la normale.

Au cours de cette période de six-sept ans, comme les membres du Comité s'en rendront compte, le total des échanges internationaux est passé d'un peu moins de 60 milliards de dollars à plus de 200 milliards de dollars, ce qui représente un taux annuel d'augmentation de 7.6 p. 100. En fait, le taux de croissance s'est accéléré, et le commerce a augmenté à un rythme encore plus rapide au cours des dernières années.

Cette augmentation considérable du volume total des échanges internationaux a été financée à même des liquidités internationales qui ont connu une croissance beaucoup moins rapide, comme vous pouvez le voir à la deuxième ligne du tableau. La croissance n'a été que de 2½ p. 100 environ, mais nous en avons fait la ventilation de diverses façons. Tout d'abord, nous avons fait la ventilation du total des liquidités suivant les situations en or, en devises étrangères et dans le FMI—la situation dans le FMI dépendant des contributions en or faites au Fonds monétaire et de l'augmentation de la position en tant que créancier. Mais l'élément très intéressant ici, c'est que l'or a connu une augmentation très faible de .9 p. 100 par année, et qu'une bonne partie de la croissance qui s'est produite dans la liquidité internationale a pris la forme d'une croissance de la balance des devises étrangères.

Nous avons aussi fait une ventilation du total pour séparer les réserves détenues par les États-Unis de celles de tous les autres pays. Nous voyons alors que les réserves des États-Unis ont connu une baisse, au cours de cette période de dix-sept ans et sont passées de 24 milliards à environ 15 milliards, alors que les réserves des autres pays sont passées de 24.6 milliards en 1950—où les réserves totales de l'ensemble de tous les autres pays du monde étaient donc à peine plus importantes que celles des États-Unis—à près de 60 milliards en 1967. Donc, pour l'ensemble de tous les autres pays, autres que les États-Unis, l'augmentation des réserves s'est faite à un taux annuel de 5 p. 100, ce qui est beaucoup plus proche de la croissance du commerce mondial que le taux de 2.4 p. 100 pour l'ensemble des liquidités internationales.

Et si l'on étudie la situation des États-Unis de façon plus attentive, on peut voir que non seulement leurs réserves en or ont diminué pendant cette période, mais il y a eu une augmentation marquée de leurs obligations, c'est-à-dire des dollars américains détenus



## [Texte]

U.S. dollars held in the reserves of other countries. Of the total growth of foreign exchange balances from 13 to 28, much the largest part was accounted for by the growth in U.S. dollars.

And thus the United States has made available to the rest of the world both the approximately \$10 billion by which the U.S. gold stock and other reserve assets fell, and the \$13 billion by which other countries' holdings of U.S. dollars grew. The net position of the United States declined from \$18.9 billion in 1950 to a negative figure of \$3.5 billion in 1967.

Much of the consideration of the possible need of supplementing the supply of international liquidity was based upon the growing recognition that the United States could no longer continue to run deficits on the scale on which it was running them during much of this period and thereby making enough reserves available to the rest of the world. Indeed in 1968 the United States on the official settlements basis, which is the basis reflected in these figures, changed from its previous deficit positions to a surplus which is estimated at \$1.7 billion. And thus the trend for the U.S. figures has now changed. Certainly it changed in 1968, and this in turn affects the position of the rest of the world. And if it is the view that over the years there needs to be some relationship between the trend rate of growth of world trades and the trend rate of growth of reserve positions, then the sources which provided a growth in other countries' reserves during this period of 17 years can no longer be expected to continue, and some new form of international liquidity will be needed.

**Mr. Hockin:** Mr. Chairman, might I add just a word to what Mr. Handfield-Jones has said. If members of the Committee look at the figures for 1960, they should remember that many of the relationships there were considered at that time, as it were to be quite abnormal. You will note the proportion of total international liquidity represented by U.S. reserve assets.

You had a great concentration at the end of the war of reserves in the hands of the United States, and much of the change from the 1950 column to the 1967 column was deliberately sought by the United States in its expansion of aid and capital outflows to the rest of the world, and was welcomed, encouraged and demanded by other countries who themselves wanted to rebuild their reserve position. So you had that element of very deliberate movement which was very imaginative and very helpful at that time.

## [Interprétation]

dans les réserves des autres pays. La plus grande partie de l'ensemble de l'accroissement dans la balance des devises étrangères, qui est passée de 13 à 28, provenait de la croissance en dollars US.

Ainsi, les États-Unis ont mis à la disposition du reste du monde non seulement les 10 milliards de dollars environ desquels ont baissé les réserves en or, ou autres, des États-Unis, mais aussi les 13 milliards desquels ont augmenté les réserves en dollars américains des autres pays. La situation nette des États-Unis a ainsi baissé de 19.8 milliards en 1950 à un chiffre négatif de 3.5 milliards en 1967.

Une bonne partie de l'étude du besoin éventuel d'ajouter à la source de liquidités internationales se fondait sur le fait que l'on reconnaissait de plus en plus que les États-Unis ne pouvaient plus se permettre de déficits semblables à ceux qu'ils avaient encourus pendant une bonne partie de cette période, mettant ainsi suffisamment de réserves à la disposition du reste du monde. En 1968, grâce aux accords officiels, comme on peut le voir dans ces données, les États-Unis ont connu non un déficit, mais un excédent estimatif de 1.7 milliard de dollars. Donc, dans ce pays, la situation s'est modifiée, certes, en 1968, et elle a eu des répercussions partout ailleurs dans le monde. Si l'on est d'avis qu'au cours des années, il doit y avoir un rapport quelconque entre les tendances qui se dégagent de la croissance du commerce international et celles qu'offre la hausse des réserves, on ne peut s'attendre que les sources qui ont entraîné une augmentation des réserves des autres pays au cours de ces dix-sept années puissent se poursuivre. Il faudra alors trouver une nouvelle formule de liquidité internationale.

**M. Hockin:** Que l'on me permette d'ajouter une observation à que, vient de dire M. Handfield-Jones. Si les membres du comité consultent les données statistiques pour 1950, ils ne doivent pas oublier que dans une bonne mesure, les rapports qui existaient alors étaient jugés, disons, plutôt irréguliers. À noter la proportion de l'ensemble de la liquidité internationale que représentaient les réserves américaines.

Au cours de l'après-guerre, il y avait une très grande concentration des réserves aux États-Unis. Les changements que l'on note de 1950 à 1967, ont été largement recherchés par les États-Unis de propos délibéré, dans le cadre de leur programme d'expansion de l'aide extérieure et de la sortie des capitaux vers le reste du monde. Ces changements ont été accueillis, encouragés et demandés par d'autres pays qui eux-mêmes voulaient reconstituer leurs réserves. Donc, ce fut un

[Text]

I think what we perhaps miss is a table which only shows these two years is the fact that it includes this big welcomed movement of reserves, and at the same time carries us into the period when the position perhaps went a bit too far, and when the United States was no longer in a position to go on making this magnificent contribution to the liquidity of other people, and that it is their determination, welcomed again and encouraged by other countries, to bring this process to an end and to stop having these big outflows, these big deficits, which has now made it necessary for us to find some other means of increasing the liquidity of reserve assets held by other people.

**The Chairman:** I will allow a supplementary, Mr. Danson, but you will keep in mind that we do not intend to sit until one o'clock today because the House starts at two o'clock. I think it will be wise and fair to say we will end this, our morning meeting, at 12.30 p.m. or at the latest 12.45 p.m.

**Mr. Danson:** My question I think will get a quick answer. It was just...

**The Chairman:** No, I do not agree that you will get a quick answer on that. Yes, Mr. Danson.

**Mr. Danson:** Was this movement of funds for this purpose, or was this a consequence of the movement of these funds? In other words was the foreign aid, the investment overseas, or perhaps—I could not say a war overseas—but was this change the consequence of these actions? Were these deliberate actions for these purposes?

**Mr. Hockin:** Mr. Chairman, much of the change, especially in the earlier years, was brought about deliberately by specific policies such as the Marshall Plan. This was the largest and most dramatic element in it. Then as time went on the deliberate desire of the United States to send out capital in that way and the desire of the rest of the world to receive it changed as the movements went on, and we have now by 1967 a situation in which some of the other countries were worried about the accretion to their reserve assets of such a large proportion of reserve currencies and the United States was worried about the sort of results which show there in the 1967 column, so that both the United States and other countries were agreed that a change in the United States balance of payments was desirable. And, of course, the United States has been pursuing policies to change it and, as Mr. Handfield-

[Interpretation]

geste fait de propos délibéré, un geste créateur qui s'est révélé très utile à l'époque.

Ce mouvement des réserves, alors fort apprécié, ne se voit pas dans un tableau qui ne nous donne que les chiffres pour ces deux années. D'ailleurs, nous en arrivons au moment où la situation s'est peut-être prolongée un peu trop longtemps, où les États-Unis n'étaient plus en mesure de continuer leur apport admirable en vue d'accroître la liquidité d'autres pays. C'est leur décision, qui fut très bien accueillie et encouragée par les autres pays, de mettre fin à cette situation, à cet afflux, à ces grands déficits, qui nous impose maintenant de trouver d'autres moyens d'augmenter les réserves liquides des autres pays.

**Le président:** J'autorise une question supplémentaire, M. Danson, mais il ne faut pas oublier que nous n'avons pas l'intention de siéger jusqu'à une heure aujourd'hui, car la Chambre siège à 2 heures. Je pense qu'il vaudrait mieux clore la séance à midi trente ou à une heure moins quart au plus tard.

**M. Danson:** Ma question est telle qu'on pourra y répondre brièvement. C'est que...

**Le président:** Non, je n'en conviens pas, mais posez-la, M. Danson.

**M. Danson:** Ce mouvement de fonds, visait-il cette fin, ou bien en fut-il la cause? Autrement dit, l'aide à l'étranger, les investissements outre-mer, ou peut-être—je ne puis dire une guerre outre-mer—est-ce le résultat de ces mesures, a-t-on visé ces buts de propos délibéré?

**M. Hockin:** Monsieur le président, le changement a été en grande partie provoqué, surtout au début, par des politiques données, comme le plan Marshall. C'en est ce qu'il y a de tragique. Avec les années, la volonté des États-Unis d'y insuffler des capitaux, et l'avidité du reste du monde à les recevoir, se sont modifiées au fur et à mesure que ces mouvements se déroulaient. Et nous avons en 1967, une situation où d'autres pays étaient inquiets de l'augmentation sensible de la proportion des monnaies de réserve qui composent leurs réserves et les États-Unis étaient inquiets des résultats qui se présentaient au bilan de 1967, de sorte que les États-Unis et les autres pays ont convenu qu'il était souhaitable de modifier la balance des paiements des États-Unis. Les États-Unis ont donc pris des mesures et, comme l'a signalé M. Handfield-Jones, on se rend compte, en 1968, que ces nouvelles politiques ont donné les résultats visés.



[Texte]

Jones pointed out, in 1968 there is evidence that that policy change is producing results.

**Mr. Danson:** Thank you.

**Le président:** La parole est à M. Gillespie, suivi de messieurs Latulippe et Gauthier. Monsieur Gillespie?

**Mr. Gillespie:** Mr. Chairman, I would like to direct a question to Mr. Hockin. It has to do with the reconciliation of the figures before us, which I have found most helpful, incidentally, in orienting myself to the matter we are discussing.

Looking at the U.S. figures here in the 1950s, the net position is shown as \$18.9 billion and other countries' reserves, \$24.6 billion. Should one then add those two figures together to reconcile with the sub-total above, under international liquidity?

**Mr. Hockin:** I will ask Mr. Handfield-Jones to answer.

**Mr. Gillespie:** And, also, of course, under the 1967 figures. What I am trying to do is reconcile the totals.

**Mr. Handfield-Jones:** Mr. Chairman, to get the total of \$48.9 billion in 1950, you add the \$24.3 billion for U.S. reserve assets and the \$24.6 billion for other countries' reserves, which makes \$48.9 billion. \$48.9 billion is broken down two ways. It is first broken down in total foreign exchange and IMF positions, and it is secondly broken down as between U.S. holdings and other countries' holdings.

What we have not specifically shown here is a break-down of gold and foreign exchange and IMF position as between the United States and other countries. We have not, for example, shown a line for the reserve liabilities of countries other than the United States which you would get by subtracting in 1950, \$5.4 billion from \$13.4 billion to get \$8 billion, much of which, of course, was trading balances.

**Mr. Gillespie:** If I understand you correctly, part of the \$5.4 billion, looking at the 1950 column, or all of the \$5.4 billion is included in the \$24.6 billion, other countries' reserves. Is this correct?

**Mr. Handfield-Jones:** That is correct.

**Mr. Gillespie:** And similarly under the 1967 column.

**Mr. Handfield-Jones:** That is right.

**Mr. Gillespie:** Then going on, one general question to Mr. Hockin, Mr. Chairman, has to

[Interprétation]

**M. Danson:** Merci.

**The Chairman:** The following gentlemen have the floor: Mr. Gillespie, followed by Mr. Latulippe and Mr. Gauthier.

**M. Gillespie:** Je voudrais poser une question à M. Hockin. Il s'agit, de réconcilier les chiffres qu'on nous a donnés et que je trouve des plus utiles pour m'orienter dans le sujet à l'étude.

Pour ce qui est des chiffres de 1950, nous avons un déficit de \$18.9 milliards pour les États-Unis, et de \$24.6 milliards pour les réserves des autres pays. Doit-on additionner ces chiffres pour les réconcilier au sous-total de la liquidité internationale?

**M. Hockin:** Je demanderais à M. Handfield-Jones de répondre.

**M. Gillespie:** Tout ce que j'essaie de faire c'est de réconcilier le total.

**M. Handfield-Jones:** Monsieur le président, pour obtenir le total de \$48.9 milliards, vous ajoutez les \$24.3 milliards des réserves des États-Unis et les \$24.6 milliards des réserves des autres pays ce qui fait \$48.9 milliards. Il y a deux ventilations de ces 48.9 milliards. D'abord, selon les devises étrangères totales et la situation des divers pays à l'intérieur du FMI et, deuxièmement, une autre ventilation selon l'actif des États-Unis et celui des autres pays.

Ce que nous n'avons pas montré de façon précise ici, une ventilation de l'or, des devises étrangères, et de la situation de chaque pays à l'intérieur du FMI entre les États-Unis et les autres pays. Ainsi, nous n'avons pas montré le passif des pays autres que les États-Unis, que vous obtenez en soustrayant \$5.4 milliards de \$13.4 milliards, ce qui vous donne \$8 milliards, dû, en grande partie, aux balances commerciales.

**M. Gillespie:** Si je vous comprends bien, une partie ou tout les \$5.4 milliards, dans la colonne de 1950, sont compris dans les \$24.6 milliards des réserves des autres pays. Est-ce exact?

**M. Handfield-Jones:** C'est exact.

**M. Gillespie:** Et de même pour la colonne de 1967.

**M. Handfield-Jones:** C'est exact.

**M. Gillespie:** Une question d'ordre général concernant le rapport des réserves à l'égard

## [Text]

do with the ratio of reserve assets to world trade. Are there any rules of thumb with respect to these ratios that one can regard as being useful? For instance, I note that in 1950, roughly the international liquidity represented about 80 per cent. This is as high as 80 per cent of world trade. It had dropped to 33½ per cent in 1967 and I would think that Canada's ratio was probably of the order of about 20 per cent. Could he comment on these relationships?

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**Mr. Hockin:** Mr. Chairman, there are no agreed-upon rules of thumb to be used. I think that we are in the process of trying to develop some analysis of relationships which might be of guidance as we start deliberately to create reserves, and some work has been done in the IMF. I do not know whether Mr. Handfield-Jones will be able to comment on this or not. I might just say before I finish that I think there was general agreement that the ratio of total reserves, international liquidity to world trade in 1950, was probably very high and perhaps created some of the excess liquidity which Mr. Kaplan worried about in terms of the discipline on individual countries.

And as late as 1967 there was, I think, general agreement expressed, certainly by the industrialized countries, that so far there had not been an inadequate supply of liquidity to handle the requirements of world trade. The desire to increase liquidity was rather a forward-looking thing, having in regard the prospects for the growth of world trade on the one hand and the diminishing availability of other reserve assets on the other.

I do not know whether Mr. Handfield-Jones wants to say anything about the studies the IMF have been doing on this.

**Mr. Handfield-Jones:** Not very much, Mr. Chairman.

I think it is clear that individual countries' need for reserves does differ. The need for reserves is more of a function of the size of the imbalances that you experience rather than the size of the trade itself, and countries in different kinds of circumstances are exposed in differing degrees to the risk of imbalance. Therefore, it would not, I think, be correct if we suggested that there are precise rules of thumb or even imprecise ones, nor would I want to suggest that there is a general view that the total of reserves needs to grow as fast as the total of world trade.

It may well be that as world trade grows it can be accommodated with a rate of growth of liquidity which is somewhat less than that, but these are all subjects which are still to

## [Interpretation]

du commerce international. Y a-t-il une règle de conduite qu'on peut considérer utile régissant ces rapports? Ainsi, je vois qu'en 1950, les liquidités internationales représentaient et sont passées à 33½ p. 100 en 1967, et ce sont passées à 33 1/3 p. 100 en 1967, et j'imagine que pour le Canada ce rapport serait de l'ordre d'environ 20 p. 100. Quelles sont vos opinions à ce sujet?

**M. Hockin:** Monsieur le président, il n'y a pas de règles de conduite à suivre. Je crois que nous mettons présentement au point une analyse des rapports qui pourraient nous orienter alors que nous essayons, de propos délibéré, de créer des réserves. Le Fonds monétaire international a entrepris des travaux de ce genre. Je ne sais pas si M. Jones pourra élaborer ce sujet. J'aimerais ajouter, avant de terminer, qu'on a convenu dans l'ensemble que le rapport de l'ensemble des réserves et de la liquidité internationale, par rapport au commerce international était très élevé et a peut-être contribué une partie de l'excédent des liquidités qui inquiète M. Kaplan pour ce qui est de la discipline dans les pays.

En 1967, encore, on a convenu, du moins dans les pays industrialisés, que jusque-là l'approvisionnement des liquidités n'avait pu combler les besoins du commerce international. Le désir d'accroître cette liquidité visait surtout l'avenir, avec en perspective d'une part, l'expansion du commerce international et, d'autre part, la diminution de la disponibilité des autres réserves. M. Handfield-Jones désire-t-il ajouter autre chose sur l'étude faite par le Fonds monétaire international?

**M. Handfield-Jones:** Pas vraiment, monsieur le président. Il est évident que les besoins de réserve découlent plutôt de l'ordre des déséquilibres que de l'ampleur du commerce, et des pays qui se trouvent dans des contextes différents ne sont pas exposés au même degré à la possibilité d'un déséquilibre. Par conséquent, je ne crois pas que nous puissions dire qu'il existe des règles précises ou plus ou moins établies. Je ne voudrais pas plus laisser entendre qu'on s'accorde pour dire que les réserves doivent croître aussi rapidement que l'ensemble du commerce international.

Il se peut fort bien qu'au fur et à mesure que le commerce international augmente, il peut s'accommoder d'une croissance de la liquidité quelque peu moins forte. Mais toutes ces



## [Texte]

some extent moot until this scheme gets put in place and the discussions of the declaration get under way.

**Mr. Gillespie:** One thing that concerns me on looking at this problem of liquidity is that while a nation's liquidity may be diminishing, as the United States, has been diminishing its foreign assets position has been increasing. It may have been increasing in quite substantial ways—I am thinking about direct portfolio investment; I am thinking as well of its foreign investments of a direct nature which are growing and which represent, surely, a claim on foreign exchange in the sense that foreign exchange could be raised by mortgaging, to cite one exmple, or if necessary even selling those assets, as the United Kingdom did during the war.

I wonder if consideration has ever been given to publishing the foreign holdings in non-liquid form of the various members of the IMF to represent what might be regarded as an ultimate reserve against their liquidity reserve position.

**Mr. Hockin:** Mr. Chairman, the issue Mr. Gillespie has raised is one which is a very complicated one in that a country's willingness to regard the foreign investments of its citizens as available to the country for its own national purposes could vary from country to country, depending upon its attitude towards the rights of private property holders. As Mr. Gillespie has pointed out, during the war the United Kingdom took rather Draconian measures to mobilize these foreign assets. That, of course, is a rather special situation. Most countries do not normally regard the foreign assets of their private citizens as being, as it were, available to the state, upon need.

**Mr. Gillespie:** But you would agree that they are a form of ultimate reserves.

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**Mr. Hockin:** Well then, in the net relationship I suppose you would have to add in that country's indebtedness as well—I mean a private indebtedness. It would be quite a complicated thing to build up but it is capable of being done. In terms of its being regarded in any quantitative sense—measurable, that you would want to publish, as it were, as a regular series, relating it to the concept of reserves, I think you would have to recall that the ability to liquidate those assets would presumably require time—it could not be done all at once. I believe the United Kingdom, when it had to liquidate assets, took some time a long time ahead and then held its assets in more liquid form so that it could

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questions sont discutables dans une certaine mesure, jusqu'à ce que le programme soit mis en œuvre et que cette discussion soit commencée.

**M. Gillespie:** Ce qui me préoccupe avec ce problème de la liquidité, c'est qu'alors que la liquidité d'une nation baisse, comme c'est le cas aux États-Unis, ses avoirs étrangers augmentent, et même parfois de façon marquée. Je pense, par exemple, aux placements en valeur de portefeuille et aux investissements directs à l'étranger qui s'accroissent et qui représentent un droit aux devises étrangères, en ce sens qu'ils pourraient hypothéquer et même, parfois, vendre ces actifs, comme le Royaume-Uni l'a fait pendant la guerre.

Je me demande si on a déjà songé à publier une liste des avoirs étrangers, non pas en liquidités des membres du Fonds monétaire international pour voir s'ils ne constitueraient pas une réserve éventuelle par rapport à la situation de leurs liquidités.

**M. Hockin:** Monsieur le président, la question soulevée par M. Gillespie est très compliquée. L'attitude des pays vis-à-vis des investissements faits à l'étranger par ses citoyens, quant à leur disponibilité aux fins nationales, varie d'un pays à l'autre, selon leur attitude face aux droits de la propriété privée. Comme l'a signalé M. Gillespie, pendant la guerre, le Royaume-Uni a pris des mesures plutôt radicales pour mobiliser ses actifs étrangers, mais il s'agissait d'un contexte bien particulier. La plupart des pays ne considèrent pas normalement que les placements à l'étranger de ses citoyens sont à la disponibilité de l'État.

**M. Gillespie:** Vous conviendrez néanmoins que cela constitue un genre de réserve.

**M. Hockin:** J'imagine qu'il faudrait ajouter au rapport qui existe, la situation déficitaire du pays, les dettes privées. Ce serait assez difficile de le faire, mais on peut y parvenir. Mais pour ce qui est de l'aspect quantitatif, disons que l'on peut mesurer, que l'on pourrait publier, et pour le rattacher au concept des réserves, je pense qu'il faudrait alors se rappeler de la possibilité de se défaire de ces actifs, ce qui demanderait présument du temps et ne peut être fait d'un seul coup. Le Royaume-Uni, lorsqu'il a dû le faire, a longuement étudié la question et ensuite a transformé ses actifs en liquidités afin de pouvoir les utiliser; et les autres pays qui voudront agir de la sorte devront tenir compte des

[Text]

use them, and any country that wanted to behave in this way would have to recall the limitations of the market in its ability to create the conditions which would enable the country to dispose of its assets in a way which would meet this kind of crisis situation.

**Mr. Gillespie:** I realize there would be some real difficulties in liquidating quickly, but from the point of view of drawing a balance sheet on a country's foreign position it seems to me it would be very helpful to know what they do net out at.

**Mr. Hockin:** I think you could regard it, particularly in the United States, as rather like a banker, that it has a number of liquid liabilities—which are the reserves that the rest of us hold and which we can present upon demand, as it were, that it has liquid assets against which to meet those demands, and then it also has long-term investments.

Now any banker has to worry about his liquid asset ratio to make sure he has enough liquidity to meet any expected demands. You can look at it from two points of view: one from its liquidity position and one from its total earning position, as it were, having regard to its whole asset structure and its liability structure.

**Mr. Gillespie:** And, may I just add, its whole reserve position because a bank would include in its reserves its investment in fixed assets as well.

**Mr. Hockin:** Oh, there is a whole variety of things here that you could look at, but perhaps it is too simple an analogy to use that of a bank because the sheer scale and the nature of the assets which you are talking about are probably much more illiquid and less capable of being handled in a market than a single bank would find in a big system.

**Mr. Gillespie:** One of the reasons that I raise this is that it seems to me that we frequently find ourselves in positions of balance of payments crises and that we take rather too narrow a look at these crises.

If we were aware that there were considerable assets in a foreign account behind the liquid position we might not get thrown into quite the same panics that some international monetary authorities get thrown into. This is the reason for raising this point with you.

[Interpretation]

limitations du marché, de sa possibilité de créer des conditions qui permettront au pays en question de procéder ainsi pour répondre à un tel état de crise.

**M. Gillespie:** Je me rends compte de ces difficultés pour ce qui est de la liquidité, mais lorsqu'il s'agit d'établir le bilan d'un pays en ce qui concerne ses positions à l'étranger, il serait très utile de savoir au juste ce qu'il en est.

**M. Hockin:** Je pense que cette Commission pourrait considérer les États-Unis un peu comme un banquier qui a un ensemble d'exigibilités qui en fait constituent nos réserves et que l'on peut utiliser pour répondre à ces exigences et possède aussi des investissements à long terme.

Tout banquier doit se préoccuper de son rapport des liquidités et doit s'assurer qu'il a suffisamment de liquidités pour répondre aux exigences qui se présentent. On peut le considérer suivant deux points de vue, soit vis-à-vis de ses positions en liquidités, soit de l'ensemble de ses gains, l'ensemble de la structure de son actif et de son passif.

**M. Gillespie:** Bien entendu, et j'aimerais ajouter, dans ses réserves totales car une banque doit inclure dans ses réserves ses investissements en immobilisations.

**M. Hockin:** Oh! Il y a tout un ensemble d'aspects que nous pourrions étudier, mais une banque est peut-être une comparaison trop simplifiée, parce que si on tient compte de l'envergure des actifs dont vous parlez qui sont certainement inutilisables et qui sont plus difficiles à utiliser sur le marché, que s'il s'agissait d'une simple banque à l'intérieur d'un grand système.

**M. Gillespie:** Il me semble que l'on se trouve fréquemment dans une telle situation où la balance des paiements se trouve en difficulté et où nous prenons peut-être une attitude trop étroite.

Si nous étions au courant du fait qu'il y a un actif considérable à l'appui, des liquidités que nous n'aurions peut-être pas le même état de panique dans lequel se retrouvent certaines autorités financières internationales. C'est la raison pour laquelle je fais cette observation.



[Texte]

**Mr. Hockin:** I think, Mr. Chairman, that the international monetary authorities would welcome and support this general expression. It is not so much the international monetary authorities that get thrown into the panic, it is the private investors who do not perhaps recognize this very real point that Mr. Gillespie has made.

**Mr. Gillespie:** Thank you, Mr. Chairman.

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**Le président:** Monsieur Latulippe.

**M. Latulippe:** J'aimerais avoir un peu plus de renseignements de la part des témoins.

En quoi consistent exactement les droits de tirage spéciaux? C'est surtout ces articles des Statuts qui sont amendés. S'agit-il de crédits qui seront ajoutés à ceux dont disposent déjà les pays membres du Fonds monétaire international?

**Mr. Handfield-Jones:** Mr. Chairman, the nature of the special drawing rights which will be created by the International Monetary Fund under the powers which will be granted to the Fund under this amendment to its articles can perhaps be best described as an unconditional right to acquire foreign currencies from other members of the Fund.

**M. Latulippe:** En quoi consisteront ces crédits s'il ne s'agit pas d'or, ni de dollars américains? S'agira-t-il seulement de crédits d'écriture, du genre du crédit bancaire actuel?

**Mr. Handfield-Jones:** Mr. Chairman, under the provisions of this amendment members who acquire special drawing rights will be able to use them to acquire in turn from other members of the Fund whatever currency they choose to acquire. For example, if Canada is holding special drawing rights and wishes to obtain U.S. dollars, it will be able to do so under the operations of this scheme. On the other hand, another country holding special drawing rights may wish to acquire pound sterling or French francs or, indeed, any other currency and it will be able to do so under this scheme.

**M. Latulippe:** Monsieur le président, après avoir épuisé son pouvoir d'emprunt en or et en dollars américains, le Canada, par exemple, pourrait-il obtenir de ces crédits nouveaux si le besoin s'en faisait sentir?

[Interprétation]

**M. Hockin:** Je pense que les autorités financières internationales appuieraient cette expression. Ce n'est pas tellement les autorités financières internationales qui prennent la panique, mais plutôt les investisseurs privés qui ne reconnaissent pas ce point formulé par M. Gillespie.

**M. Gillespie:** Merci, M. le président.

**The Chairman:** Mr. Latulippe?

**Mr. Latulippe:** I would like to have some more information from the witnesses. I would like to know exactly what SDR are. It is mostly on these items that we are discussing now because they are being amended. Is it credit that would be added to that already at the disposal of the members of the International Monetary Fund?

**M. Handfield-Jones:** Monsieur le président, la nature de ces droits de tirage spéciaux qui seront créés par le Fonds monétaire international, en vertu des pouvoirs qui seront accordés au Fonds, en vertu de l'amendement à cet article, pourrait être mieux décrite en vertu de droits sans condition de pouvoir obtenir ou acquérir des devises étrangères d'autres membres du Fonds.

**Mr. Latulippe:** What would these credits be if they are not American dollars or gold? Would it be some kind of credit in writing like the banking credits that we have presently?

**M. Handfield-Jones:** Monsieur le président, en vertu des dispositions de cet amendement, les membres qui posséderont ces droits pourront les utiliser afin d'obtenir des autres membres du Fonds en retour, les devises dont ils ont besoin. Ainsi, exemple, si le Canada possède ces droits de tirage spéciaux et désire obtenir des dollars américains, il sera en mesure de le faire en vertu de ce programme. Mais d'autre part, un autre pays qui a des droits de tirage spéciaux voudrait peut-être obtenir des livres sterling, des francs français ou toute autre devise, et il sera alors en mesure de le faire en vertu de ce programme.

**Mr. Latulippe:** Mr. Chairman, when a country like Canada for instance has exhausted its borrowing power in gold and U.S. dollars, could it obtain more credit if it needed it?

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**Mr. Handfield-Jones:** Mr. Chairman, the amounts of special drawing rights that a country will have at its disposal will result from the general decisions which will be made by the International Monetary Fund from time to time when this scheme is in operation. Decisions will be taken as to the total amount of special drawing rights which will be created in each year and each member country will receive a share in the total amount of special drawing rights—a share which will be based upon its quota in the Fund. It is not expected that additional special drawing rights will be created for an individual member or, indeed, for all members unless the international community decides that more special drawing rights are needed.

**The Chairman:** I am sorry, Mr. Handfield-Jones, but I think the question posed by Mr. Latulippe was this: If a country had used the funds at its disposal from the general Fund and from the drawing fund would there be other means for them to get extra funds. I think there are other means.

**Mr. Handfield-Jones:** I was going to say, Mr. Chairman, that of course a member has the right of access to the Fund and, under the present provisions of the articles, to borrow from the Fund in amounts determined by its quota, and this access is of course unconditional. But at any time there is a ceiling on the amount which any member can obtain, this ceiling can only be increased if the country is able to obtain an increase in its quota.

**M. Latulippe:** Dans ce cas, quelles garanties le Canada devrait-il fournir pour obtenir ces crédits? S'agit-il d'obligations du gouvernement?

**Mr. Handfield-Jones:** No, Mr. Chairman. Under the special drawing rights scheme the country does not have to give a piece of paper to the Fund. What it gives is a legal undertaking, under the provisions of this treaty, that it will accept special drawing rights from other countries who wish to use them and in exchange Canada would supply probably U.S. dollars from its reserves, and it would have to accept special drawing rights, through the operation of this scheme, in an amount equal to twice as much as it had originally been allocated. So supposing in the first year of the scheme 100 million units of special drawing rights had been allocated to Canada, Canada undertakes to accept, when asked by the Fund, an additional 200 million

[Interpretation]

**M. Handfield-Jones:** Monsieur le président, les montants de droits de tirage spéciaux qu'un pays aura à sa disposition dépendront d'une décision générale prise par le Fonds monétaire international, à l'occasion, lorsque le programme sera en vigueur. Les décisions seront prises quant à la somme totale de droits de tirage spéciaux qui sera créée chaque année, et chaque pays membre recevra une partie de la somme totale attribuée aux droits de tirage spéciaux et cette partie dépendra de son quota au Fonds monétaire. On ne prévoit pas que des fonds de tirage spéciaux additionnels soient créés pour un pays particulier ou encore pour tous les pays membres, à moins que la communauté internationale décide qu'il est nécessaire de créer davantage de droits de tirage spéciaux.

**Le président:** Monsieur Handfield-Jones, je pense que la question posée par M. Latulippe était la suivante: Si le pays a utilisé tous les fonds à sa disposition du fonds de tirage spécial et qu'il veut obtenir des fonds supplémentaires? Que fera-t-il? Je crois qu'il y a d'autres moyens.

**M. Handfield-Jones:** J'allais dire, monsieur le président, que le pays membre a accès, conformément aux dispositions actuelles au droit d'emprunt vis-à-vis du Fonds, pour une somme fixée par son quota, et cet excédent dépend de certaines conditions. Toutefois, il y a un plafond imposé à chaque membre sur la somme qu'il peut emprunter et le plafond ne peut être augmenté que si le pays peut obtenir une augmentation de son quota.

**Mr. Latulippe:** In that case, what guarantees would Canada have to give to obtain that credit? Will we have to give government bonds, for example?

**M. Handfield-Jones:** Non, monsieur le président, conformément aux droits de tirage spéciaux, un pays n'a pas besoin de donner un morceau de papier au Fonds. Le pays conclut une entente juridique conformément aux dispositions du traité selon lesquelles il acceptera les droits de tirage spéciaux des autres pays qui veulent s'en prévaloir et à son tour, le Canada fournira probablement des dollars américains extraits de ses réserves et acceptera le droit de tirage spécial pour une somme égale au double du montant alloué à l'origine. Supposons que durant la première année 100 millions d'unités de droits de tirage spéciaux ont été alloués au Canada. Le Canada s'engage, sur demande du Fonds, à accepter un montant additionnel de 200 mil-



## [Texte]

units of special drawing rights in exchange for currencies.

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**M. Latulippe:** Dans ce cas, les prêts en dollars américains consentis par le Fonds, portent-ils intérêt et quel est-il?

**Mr. Handfield-Jones:** Under the special drawing rights scheme...

**The Chairman:** Any kind.

**Mr. Handfield-Jones:** ... let me reply to Mr. Latulippe by telling him what the whole structure of interest rates will be in the Fund when this amendment comes into force. Under the special drawing rights scheme, countries holding special drawing rights will receive an interest of initially  $1\frac{1}{2}$  per cent, but they will have to pay  $1\frac{1}{2}$  per cent on the amounts of special drawing rights they have been allocated. Thus, if one is a creditor in the special drawing account he gets  $1\frac{1}{2}$  per cent on his credit balance. If you have used special drawing rights and therefore are a debtor in the special drawing account, you will pay  $1\frac{1}{2}$  per cent.

In the traditional Fund, in what will be known as the general account, members will receive  $1\frac{1}{2}$  per cent on their creditor position in the Fund, but if one is a debtor in the general account—if one has borrowed from the Fund under the present provisions whereby the Fund makes its credit available to members—one pays an interest rate which is governed by a rather complicated schedule. It depends on two factors: one is the length of time that the loan has been outstanding and the other is the amount of the loan in relationship to one's quota. In short, it is a rate which varies from a minimum of 2 per cent to a maximum of 6 per cent.

**M. Latulippe:** Dans ce cas, ne croit-on pas que ces nouveaux crédits n'auront pour principale conséquence d'endetter davantage les pays membres à l'égard d'organismes internationaux et de rendre les gouvernements de ces pays esclaves des décisions prises par les banquiers internationaux?

**Le président:** Je crois qu'il est assez difficile, pour les fonctionnaires du gouvernement, de répondre à cette question, car les gouvernements sont responsables à leur Parlement de leurs politiques et non les fonctionnaires. Alors, si M. Handfield-Jones ou M. Hockin veulent répondre, c'est leur privilège, mais je crois qu'ils ne sont pas obligés de le faire.

**M. Latulippe:** Bien, il s'agirait de savoir si ces nouveaux crédits vont contribuer à endet-

## [Interprétation]

lions d'unités de droits de tirage spéciaux en échange de devises.

**Mr. Latulippe:** In that case, do the U.S. dollars loaned by the Fund have an interest rate? What is that interest rate?

**M. Handfield-Jones:** En vertu du système des droits de tirage...

**Le président:** N'importe lequel.

**M. Handfield-Jones:** Laissez-moi répondre à monsieur Latulippe en lui expliquant la structure générale des taux d'intérêt au Fonds, lorsque cet amendement entrera en vigueur. Conformément au programme de droits de tirage spéciaux, les pays qui détiennent des droits de tirage spéciaux, recevront un intérêt de  $1\frac{1}{2}$  p. 100, mais devront payer  $1\frac{1}{2}$  p. 100 sur les sommes de droits de tirage qu'on leur a allouées. Si quelqu'un a un crédit, il reçoit  $1\frac{1}{2}$  p. 100 sur son solde de crédit. Si on se prévaut du droit de tirage spécial, et de ce fait, on devient un débiteur, on paie  $1\frac{1}{2}$  p. 100.

Dans le compte général du Fonds, les pays membres recevront  $1\frac{1}{2}$  p. 100 sur leur crédit, mais si on a emprunté du Fonds et qu'on est un créancier conformément aux dispositions actuelles, le pays paie un taux d'intérêt qui est fixé par des éléments assez complexes. Deux facteurs entrent en ligne de compte: le temps pendant lequel on a l'argent en main et deuxièmement, le montant du prêt proportionnellement au quota du pays. En général, le taux varie entre un minimum de 2 p. 100 et un maximum de 6 p. 100.

**Mr. Latulippe:** In that case, do you not believe that this new form of credit will only indebt member countries more in respect to international organizations and the governments of those countries will be submitted to the decisions taken by international bankers?

**The Chairman:** I think it is quite difficult for government officials to answer that question because governments are responsible to their Parliament for their policies and it is not the officials that are responsible. Therefore, if Mr. Hockin or Mr. Handfield-Jones wish to answer, they are free to do so, but I do not believe that they are obliged to answer.

**Mr. Latulippe:** Well, I would like to know if this new form of credit will increasingly

[Text]

ter davantage certains pays qui le sont déjà, c'est une chose qui devrait être éclaircie, il me semble.

**Le président:** Bien voici, ce sont les gouvernements, monsieur Latulippe, qui sont responsables des politiques, lesquelles sont sans doute élaborées par les fonctionnaires, mais ce sont les gouvernements; ces deux messieurs, qui sont ici avec nous, sont des fonctionnaires. Alors, personnellement, je n'ai aucune objection, et si un de ces deux messieurs veut répondre, c'est très bien.

**M. Gray:** Monsieur le président, il se peut que la deuxième question posée par M. Latulippe le soit sous une forme acceptable aux fonctionnaires. La première est basée sur certaines données discutables et il n'est sans doute pas juste de demander aux fonctionnaires d'y répondre. Quant à la deuxième, c'est autre chose, car elle a trait à la position des pays qui auront...

**Le président:** .. de nouveaux crédits.

**M. Gray:** Oui.

**The Chairman:** Mr. Hockin?

**Mr. Hockin:** Mr. Chairman, as I was trying to say earlier, the availability of this new SDR will be treated by a country just as it treats its holdings of gold and foreign currencies at the moment. That is, it is within its own power to determine how much of it it is going to use, depending upon its circumstances. If it finds that its balance of payments is not in good shape, that it is having to buy foreign currency in order to support its own exchange rate because it is in a deficit position, then it can decide how much of its reserves it wants to use before it goes and borrows from other people.

At the moment, where our holdings are of gold and U.S. dollars, the normal practice is that if we have to draw on our reserves we draw on our holdings of U.S. dollars. When we do so, we give up the interest that we have been earning on those assets so far, because we invest those U.S. dollars in obligations of the United States Government—treasury bills and other obligations—and they earn us interest; so that if we decide that we are going to allow our reserves to fall, we have to give up the interest that we would have been earning on them; so you can say that that is a bit of a cost to us. If we had SDRs and we decided to use them and had been in a creditor position, as Mr. Handfield-Jones pointed out, we would be giving up 1½ per cent. If we became debtors we would have to pay 1½ per cent on that and that would be a cost to us. The earnings which we

[Interpretation]

indebt certain countries that are already indebted. I think we should have some explanation on that fact.

**The Chairman:** Mr. Latulippe, governments are responsible for the policies that are prepared by officials. So, here we have two officials with us and I do not object if they want to answer.

**Mr. Gray:** Mr. Chairman, I think that Mr. Latulippe's second question has been put in a way that is acceptable to the officials.

The first question is based on certain questionable data and it would no doubt be unjust to ask officials to answer it. The second question is quite different because it deals with the stand of countries which will...

**The Chairman:** ... new forms of credit.

**Mr. Gray:** Yes.

**Le président:** Monsieur Hockin.

**M. Hockin:** Monsieur le président, comme j'ai déjà essayé de le dire, ce nouveau droit de tirage spécial sera étudié par les pays et sera traité comme les réserves d'or et de devises à l'heure actuelle, c'est-à-dire que le pays peut déterminer par lui-même quelle est la somme qu'il utilisera, dépendant des conditions. Si un pays a une balance de paiements instable, s'il doit acheter des devises étrangères pour améliorer son crédit, il peut savoir quelle quantité de réserves il utilisera avant d'emprunter.

En ce moment, lorsque notre actif se compose d'or et de dollars américains, normalement on retire d'abord nos avoirs en dollars américains. Et en le faisant, on perd l'intérêt que l'on gagnait sur cet argent jusque-là, car on investit ces dollars américains dans des obligations du gouvernement américain qui nous donnent certains intérêts. Alors, si on laisse baisser nos réserves, on sacrifie les intérêts qu'on aurait gagnés. Si nous avons un droit de tirage spécial que nous décidons d'utiliser et nous avons un crédit, comme M. Handfield-Jones l'a dit, nous paierions 1½ p. 100. Si nous devenons débiteurs, il faut payer 1½ p. 100 et cela représente des frais pour nous. Les bénéfices que nous retirons des dollars américains sont plus élevés que cela, donc il est difficile de dire si nous gagnons ou si nous perdons et il faut étudier les conditions qui prévalent dans chaque pays.



## [Texte]

have on U.S. dollars at the moment are more than that, so that it is hard to say whether you would gain or lose more. You would have to look at the circumstances of each country.

But there is nothing in this scheme which, as it were, forces countries into debt. That depends upon their own decisions and the way they run their own countries. If they run their countries in such a way that they get in deficit, then by and large they will either lose interest on the reserve assets that they have held or they will have to pay something to countries that have extended credit to them.

If they run their systems in such a way that they are not in deficit and are in surplus, then presumably their total reserves will rise, they will be able to invest them and they will get interest from them. But essentially the decision is the country's own as to whether it gets in deficit or surplus. This credit is there to ease the burden of getting back out of deficit if they are in deficit; it is not designed to sort of get hold of them and force them into a particular position. It is designed to help them.

**Le président:** Merci, pour le moment. Avant de donner la parole à M. Gauthier, comme je l'ai dit plut tôt, je crois que c'est l'intention de ce Comité de suspendre l'étude du bill C-138 à midi et quarante-cinq.

Gentlemen, next Tuesday, January 28, 1969, you will have for consideration before this Committee Bill No. S-4—An Act respecting the marking of articles containing precious metals. The meeting will be held in this room at 11 a.m. Mr. Gauthier?

**M. Gauthier:** Merci, monsieur le président, je vais tâcher de mettre à profit les cinq minutes qui me sont accordées. Je n'ai que quatre petites questions et je crois qu'il sera facile d'y répondre.

D'abord, laissez-moi vous faire part, monsieur le président, comme je l'ai déjà fait de la difficulté pour nous de discuter de ce bill en français. Je sais que vous faites votre possible, mais je crois que nous manquons de documents pour étudier le bill à fond. J'ai relu avec beaucoup d'intérêt, d'ailleurs, l'exposé de M. Gray, en date du 8 décembre 1968, lorsqu'il nous parle de mesures à prendre pour créer des droits de tirage et tout particulièrement lorsque M. Gray mentionne que les députés réclamaient la création de l'équivalent, sur le plan international, de la monnaie que tous les pays modernes utilisent dans leur économie interne, exemple: le Canada. Nous souhaitons que les vœux de M. Gray se réalisent au plus tôt, puisque c'est la monnaie de l'âge atomique.

## [Interprétation]

Mais rien, dans ce nouveau programme force les pays à s'endetter. Cela dépend de leur propre décision et de leur méthode d'administrer leurs affaires. Si un pays a une position déficitaire, il perdra ses intérêts sur ses avoirs ou encore il devra verser quelque chose aux pays qui leur ont accordé du crédit.

Si un pays n'a pas de déficit et a un excédent les réserves totales augmenteront, le pays pourra investir et en retirer l'intérêt. Mais c'est le pays qui prend sa propre décision et décide s'il a un excédent ou un déficit. Tous pays peuvent diminuer leur déficit, cela n'est pas conçu pour avoir la mainmise sur eux et pour les forcer à adopter telle ou telle position, c'est conçu pour leur venir en aide.

**The Chairman:** Thank you very much for now. Before giving the floor to Mr. Gauthier, as I mentioned earlier, I think that we would like to adjourn our study of Bill C-138 at 12.45 p.m.

Mardi prochain, le 28 janvier 1969, nous étudierons le bill S-4, Loi concernant le poinçonnage des articles contenant des métaux précieux. La réunion aura lieu à 11 heures du matin. M. Gauthier a la parole.

**Mr. Gauthier:** Thank you very much, Mr. Chairman. I will try to be brief and use my five minutes fully. I have four short questions; it will be quite easy to answer.

First of all, I would like to tell you, Mr. Chairman, as I mentioned earlier, that it is difficult to discuss that particular bill in French. I know that you are doing your best, but we do not have the required documentation to study the bill thoroughly. I have re-read Mr. Gray's statement of December 8, 1968, with a lot of attention. In it he mentioned new steps to create special drawing rights. Mr. Gray mentioned that the members asked to create an international currency that all modern countries could use in their internal economy, such as, Canada. We hope that Mr. Gray's wishes will be realized as soon as possible, because this is the currency of the Atomic Age.

[Text]

Ma première question s'adresse probablement à M. Jones. Selon vous, est-ce que la création des droits de tirage spéciaux aura comme résultat immédiat d'éviter les dévaluations de monnaie que certains pays ont connues par les années passées?

**Le président:** Monsieur Hockin.

**Mr. Hockin:** Mr. Chairman, I think that what this will do is this. It will increase the general availability to all countries on a distributed basis of more reserve assets. The likelihood is that the amounts which will be made available to each country, at least at the beginning, will not be so great that it will get them out of crisis conditions. It was not designed to do that; it was designed just to provide for a normal addition to reserves.

So that if a country is in real balance of payments difficulties the amounts that they will get from this are not going to solve their problems. The solution to those problems is to be sought through their own internal measures, through the use of whatever reserves they have—including these, and through borrowings from the traditional IMF resources of conditional credit and any other borrowings that they can make. But the amounts that would come about through the creation of this new SDR scheme should not be expected to solve countries' individual balance of payments difficulties.

**M. Gauthier:** Mais, pouvez-vous dire que ce sera, tout de même, un grand pas vers la solution des problèmes de ces pays en difficulté monétaire?

**Mr. Hockin:** Yes, Mr. Chairman, as I have tried to make clear, I think the objective of this particular kind of credit creation is not to deal with an individual country's problems; it is to look after the over-all amount of international money in the international monetary system. That does not mean to say that these other problems of individual country's difficulties are not very important and do not have to be solved or that the international monetary authorities—the IMF and other groups, are not trying to solve these others; it is just that this particular bill does not address itself to that particular problem. It just addresses itself to the necessity of having enough money available in the system in a general way.

**M. Gauthier:** Deuxième question; les nouvelles réserves seront-elles basées essentiellement sur la productivité des pays membres?

[Interpretation]

My first question can probably be answered by Mr. Handfield-Jones. According to you, will the creation of special drawing rights have as an immediate result to avoid the devaluations that have happened in certain countries in the last few years?

**The Chairman:** Mr. Hockin.

**M. Hockin:** Monsieur le président, je pense que cela permettra d'augmenter les avoirs pour tous les pays d'une façon proportionnelle. Il y aura plus d'avoirs en réserve. Il semble fort probable que les sommes qui seront à la disposition de tous les pays, du moins au début, ne seront pas si élevées au point où les pays pourront sortir de l'état de crise. Ce n'a pas été conçu à cette fin, mais plutôt pour assurer une augmentation normale des réserves.

Alors, si un pays connaît de graves difficultés quant à sa balance des paiements, cela ne règlera pas tous ses problèmes. La solution à ces problèmes doit être recherchée au moyen de mesures intérieures, de leurs réserves et des emprunts aux sources de crédit conditionnel du Fonds monétaire international. Mais, les sommes retirées au moyen de ce nouveau droit de tirage spécial ne résoudront pas les difficultés individuelles de chaque pays.

**Mr. Gauthier:** But could you tell us that it will be a major step towards solving the problems of those countries having financial difficulties?

**M. Hockin:** Oui, monsieur le président. Comme j'ai essayé de le dire, ce nouveau genre de crédit n'existe pas pour régler les problèmes internes de chaque pays, mais plutôt pour aider les devises internationales dans le système monétaire international. Cela ne veut pas dire que les problèmes individuels de chaque pays ne sont pas importants et ne doivent pas être réglés ou que les autorités du Fonds monétaire international et d'autres n'essaient pas de résoudre ces problèmes. Ce bill n'est pas centré sur ce problème particulier. Il s'agit ici d'avoir, de façon générale, suffisamment de devises disponibles dans le système.

**Mr. Gauthier:** Another question. I would like to know if the new reserves will be based essentially on the productivity of the member countries.



[Texte]

**Mr. Hockin:** I suppose you could say, as Mr. Handfield-Jones has pointed out, that the amounts of the new SDRs which are going to be allocated to each country will be directly determined by their quotas in the International Monetary Fund.

Now those quotas are determined by a rather complicated formula which includes the general economic strength of the country, including its international trade but also its general production, its population, its wealth and everything else. So that countries are given quotas in the Fund, or can acquire quotas in the Fund, in such a way that there is a direct relationship between their economic strength and the amount of quota which they get in the IMF. Because the allocations of the SDRs are directly related to the quotas in the IMF, you can say there is an indirect connection. So that there is an attempt to allocate the SDRs in a way that has some economic sense to it.

**Le président:** Monsieur Gauthier, comme nous devons ajourner, je vous donnerai la parole le premier lors de notre prochaine réunion. Vous pourrez continuer à poser vos questions.

Comme vous le savez, messieurs, nous n'avons pas de réunion cet après-midi. Merci.

[Interprétation]

**M. Hockin:** Comme M. Handfield-Jones l'a signalé, je suppose que les sommes des droits de tirage spéciaux qui seront attribuées à chaque pays, seront déterminées directement par leur quotas dans le Fonds monétaire international. Ces quotas sont fixés au moyen de formules fort compliquées qui comprennent la force économique générale d'un pays, y compris des échanges internationaux, sa production, sa population, ses richesses, etc.

Alors, on attribue un quota à chaque pays, dans le Fonds, de façon à ce qu'il y ait un rapport direct entre leur position économique et leur quota dans le Fonds. La distribution des droits de tirage spéciaux est proportionnelle au quota qu'on a dans le Fonds; il y a donc un rapport indirect. Il faut garder un sens économique dans cette distribution.

**The Chairman:** Mr. Gauthier, as we have to adjourn, you will be the first one to have the floor at our next meeting. You will then be able to go on with your questions.

As you know, gentlemen, we do not meet this afternoon. Thank you very much.

[Text]

[Interpretation]

## APPENDIX AAA

WORLD TRADE AND INTERNATIONAL LIQUIDITY  
IN THE POSTWAR PERIOD

(in \$U.S. billion and percentages)

	1950	1967	Compound Annual Rate of Growth 1950-1967
World Trade <sup>1</sup> .....	58.7	202.4	7.6
International Liquidity .....	48.9 <sup>2</sup>	73.5 <sup>3</sup>	2.4
Gold .....	33.9	39.5	0.9
Foreign Exchange .....	13.4	28.3	4.5
I.M.F. Positions .....	1.7	5.7	7.4
U.S. reserve assets .....	24.3	14.8	-2.9
U.S. reserve liabilities .....	5.4	18.3	7.4
U.S. net position .....	18.9	-3.5	-4.5
Other countries' reserves .....	24.6	58.7	5.2

<sup>1</sup> Imports C.I.F.<sup>2</sup> Discrepancies due to rounding<sup>3</sup> Estimated

Source: IMF International Financial Statistics

Department of Finance

January 23, 1969

## APPENDICE AAA

ÉCHANGES MONDIAUX ET LIQUIDITÉS  
INTERNATIONALES DE L'APRÈS-GUERRE

(en milliards de dollars des É.-U. et pourcentages)

	1950	1967	taux d'expansion annuel composé 1950-1967
Échanges mondiaux <sup>1</sup> .....	58.7	202.4	7.6
Liquidités internationales .....	48.9 <sup>2</sup>	73.5 <sup>3</sup>	2.4
Or .....	33.9	39.5	0.9
Devises .....	13.4	28.3	4.5
Positions au FMI .....	1.7	5.7	7.4
Actif de réserve des É.-U. ....	24.3	14.8	-2.9
Passif de réserve des É.-U. ....	5.4	18.3	7.4
Solde net des É.-U. ....	18.9	-3.5	-4.5
Réserves d'autres pays .....	24.6	58.7	5.2

<sup>1</sup> Importations (C.A.F.)<sup>2</sup> Approximations pour arrondir les chiffres<sup>3</sup> Estimation

Source: Statistique financière internationale, F.M.I.

Ministère des Finances

Le 23 janvier 1969



OFFICIAL BILINGUAL ISSUE

FASCICULE BILINGUE OFFICIEL

HOUSE OF COMMONS

CHAMBRE DES COMMUNES

First Session

Première session de la

Twenty-eighth Parliament, 1968-69

vingt-huitième législature, 1968-1969

STANDING COMMITTEE

ON

LIBRARY COMITÉ PERMANENT

DES

FINANCE, TRADE  
AND  
ECONOMIC AFFAIRS

FINANCES, DU COMMERCE  
ET DES  
QUESTIONS ÉCONOMIQUES

*Chairman*

M. Gaston Clermont

*Président*

MINUTES OF PROCEEDINGS  
AND EVIDENCE

PROCÈS-VERBAUX ET  
TÉMOIGNAGES

No. 21

TUESDAY, JANUARY 28, 1969

RÉUNION DU MARDI 28 JANVIER 1969

*Respecting*

Bill S-4, An Act respecting the marking of articles containing precious metals.

*Concernant*

Bill S-4, Loi concernant le poinçonnage des articles contenant des métaux précieux.

*Witnesses:*

The Hon. Ron Basford, Minister of Consumer and Corporate Affairs. Mr. G. R. Lewis, Chief, Commodities and Precious Metals Marking, Standards Branch, Department of Consumer and Corporate Affairs.

*Témoins:*

L'honorable Ron Basford, ministre de la Consommation et des Corporations. M. G. R. Lewis, Chef, Poinçonnage des denrées et des métaux précieux, Division des standards, ministère de la Consommation et des Corporations.

STANDING COMMITTEE ON  
FINANCE, TRADE  
AND  
ECONOMIC AFFAIRS

COMITÉ PERMANENT DE LA  
FINANCE, DU COMMERCE  
ET DES  
QUESTIONS ÉCONOMIQUES

*Chairman*  
*Vice-Chairman*

M. Gaston Clermont  
Mr. Alastair Gillespie

*Président*  
*Vice-président*

and Messrs.  
et Messieurs

Blair,  
Comtois,  
Danson,  
Downey,  
Emard,  
Flemming,  
Gauthier,

<sup>1</sup> Gilbert,  
Gray,  
Harkness,  
Kaplan,  
Lambert (*Edmonton*  
*West*),  
Latulippe,

<sup>2</sup> Noël,  
<sup>3</sup> Ritchie,  
Roberts,  
Saltsman,  
Trudel—(20).

*La secrétaire du comité,*  
*Dorothy F. Ballantine,*  
*Clerk of the Committee.*

Pursuant to S.O. 65(4)(b)

Conformément à l'article 65(4)(b) du  
Règlement

<sup>1</sup> Replaced Mr. Burton January 24, 1969.

<sup>1</sup> Remplace M. Burton le 24 janvier 1969.

<sup>2</sup> Replaced Mr. Portelance January 27, 1969.

<sup>2</sup> Remplace M. Portelance le 27 janvier 1969.

<sup>3</sup> Replaced Mr. Hales January 28, 1969.

<sup>3</sup> Remplace M. Hales le 28 janvier 1969.



ORDER OF REFERENCE

WEDNESDAY, January 15, 1969.

*Ordered*,—That the following Bills be referred to the Standing Committee on Finance, Trade and Economic Affairs:

Bill C-138, An Act to amend the Bretton Woods Agreements Act and the Currency, Mint and Exchange Fund Act; and

Bill S-4, An Act respecting the marking of articles containing precious metals.

ATTEST:

ORDRE DU RENVOI

Le MERCREDI 15 janvier 1969

*Il est ordonné*,—Que les bills suivants soient déferés au comité permanent des finances, du commerce et des questions économiques:

Bill C-138, Loi modifiant la Loi sur les accords de Bretton Woods et la Loi sur la monnaie, l'Hôtel des monnaies et le fonds des changes; et

Bill S-4, Loi concernant le poinçonnage des articles contenant des métaux précieux.

ATTESTÉ:

*Le Greffier de la Chambre des communes,*  
ALISTAIR FRASER,  
*The Clerk of the House of Commons.*





[Text]

## MINUTES OF PROCEEDINGS

TUESDAY, January 28, 1969.  
(30)

The Standing Committee on Finance, Trade and Economic Affairs met at 11.10 this day, the Chairman, Mr. Clermont, presiding.

*Members present:* Messrs. Blair, Clermont, Danson, Downey, Emard, Gillespie, Gray, Lambert (*Edmonton West*), Latulippe, Noël, Roberts, Ritchie, Saltsman, Trudel (14).

*Also present:* Mr. Haidasz.

*In attendance:* The Honourable Ron Basford, Minister of Consumer and Corporate Affairs; Mr. R. G. Lewis, Chief, Commodities and Precious Metals Marking, Standards Branch, Department of Consumer and Corporate Affairs.

The Committee proceeded to consideration of Bill S-4, An Act respecting the marking of articles containing precious metals.

*On clause 2.*

The Minister, Mr. Basford, made a statement and was questioned and was assisted by Mr. Lewis in answering questions.

Clauses 2 to 7 inclusive were carried.

*On clause 8.*

The Minister was questioned and, after discussion, the clause was carried, on division.

Clauses 9 to 14 inclusive were carried.

Clause 1, the Title and the Bill were carried.

*Ordered,*—That the Chairman report the Bill to the House without amendment.

[Traduction]

## PROCÈS-VERBAUX

Le MARDI 28 janvier 1969.

Le Comité permanent des finances, du commerce et des affaires économiques se réunit ce matin à onze heures dix, sous la présidence de M. Clermont.

*Présents:* MM. Blair, Clermont, Danson, Downey, Émard, Gillespie, Gray, Lambert (*Edmonton-Ouest*), Latulippe, Noël, Roberts, Ritchie, Saltsman, Trudel (14).

*Aussi présent:* M. Haidasz.

*De même que:* l'Honorable Ron Basford, ministre de la Consommation et des Corporations; M. G. R. Lewis, Chef, Poinçonnage des Denrées et des métaux précieux, Division des standards, ministère de la Consommation et des Corporations.

Le Comité s'engage dans l'étude du projet de loi S-4, Loi concernant le poinçonnage des articles contenant des métaux précieux.

*Sur l'article 2*

Le ministre, M. Basford a fait une déclaration et fut questionné. Le ministre, assisté de M. Lewis a répondu aux questions.

Les articles de 2 à 7 inclusivement ont été adoptés.

*Sur l'article 8*

Le ministre a été questionné et, après discussion, l'article a été adopté sur division.

Les articles de 9 à 14 inclusivement ont été adoptés.

L'article 1, le titre et le projet de loi ont été adoptés.

*Il est ordonné,*—Que le président renvoie le projet de loi à la Chambre sans modification.

At 12.45 p.m., the Committee adjourned until 2.30 p.m. this day, when the Committee will resume consideration of Bill C-138.

Le Comité s'est ajourné à douze heures quarante-cinq jusqu'à cet après-midi à deux heures trente, alors que le Comité reprendra l'étude du projet de loi C-138.

*La secrétaire du Comité,  
Dorothy F. Ballantine,  
Clerk of the Committee.*



[Text]

## EVIDENCE

(Recorded by Electronic Apparatus)

Tuesday, January 28, 1969

• 1110

**The Chairman:** Gentlemen, we are ready to proceed. We have this morning before the Committee Bill S-4, an Act respecting the marking of articles containing precious metals. We have as witnesses, on my right, the Honourable Ron Basford, Minister of Consumer and Corporate Affairs and Mr. G. R. Lewis, Chief, Commodities and Precious Metals Marking Standards Branch, Department of Consumer and Corporate Affairs. I understand that the Minister has some opening remarks to make, and I note now that his Parliamentary Secretary, Dr. Haidasz, is present.

**M. Énard:** Monsieur?

**Le président:** Oui, monsieur Énard?

**M. Énard:** Voudriez-vous répéter, s'il vous plaît, le nom du monsieur à droite?

**Le président:** M. G. R. Lewis.

**M. Énard:** Lewis, Merci bien.

**Le président:** Monsieur le ministre?

**Hon. Ron Basford (Minister of Consumer and Corporate Affairs):** Mr. Chairman, and hon. members, I have a short three-page statement to make and then we can move right into the Bill. To those members who participated in the second reading debate I do want to offer my thanks for allowing this Bill to go through very quickly. I will make the statement now that I intended to make on second reading.

In the early years of this century the comparatively small jewellery industry in Canada at that time recognized the need for government regulation of quality marking of articles containing precious metals. A petition from the industry resulted in the enactment in 1908 of the first Gold and Silver Marking Act, which was a pioneer in the field of commodity marking and labelling legislation. The statute at that time was designed to prevent misrepresentation to purchasers and to create an orderly system of marking through the estab-

[Interpretation]

## TÉMOIGNAGES

(Enregistrement électronique)

Le mardi 28 janvier 1969

**Le président:** Messieurs, nous sommes prêts à commencer. Ce matin, nous étudierons le Bill S-4, Loi concernant le poinçonnage des articles contenant des métaux précieux. Nous avons, à ma droite, l'Honorable M. Basford, ministre de la Consommation et des Corporations, et M. G. R. Lewis, directeur du Service de poinçonnage des articles contenant des métaux précieux au ministère de la Consommation et des Corporations. Nous avons aussi parmi nous le D<sup>r</sup> Haidasz, secrétaire parlementaire. Je crois que monsieur le ministre a quelque chose à dire.

**Mr. Énard:** Mr. Chairman.

**The Chairman:** Yes, Mr. Énard?

**Mr. Énard:** Would you please repeat the name of the gentleman to the right?

**The Chairman:** Mr. G. R. Lewis.

**Mr. Énard:** Lewis. Thank you.

**The Chairman:** Mr. Minister?

**L'hon. Ron Basford (ministre de la Consommation et des Corporations):** Monsieur le président, honorables membres du Comité, j'ai une brève déclaration de trois pages à faire au sujet de ce Bill. Je voudrais dire aux députés qui ont participé à la deuxième lecture que je les remercie d'avoir permis un passage rapide de ce Bill. Je vais maintenant faire la déclaration que je voulais faire lors de la deuxième lecture.

Au tout début du siècle, l'industrie de la bijouterie qui était relativement peu importante au Canada à ce moment-là a reconnu la nécessité d'une réglementation par le gouvernement du marquage de la qualité des articles contenant des métaux précieux. Une pétition de l'industrie eut pour résultat l'adoption en 1908 de la première Loi sur le poinçonnage de l'or et de l'argent, qui constituait un précédent dans le domaine des mesures législatives concernant le poinçonnage et l'étiquetage des objets. La Loi, en ce temps-là, était destinée à

[Text]

lishment of quality standards and marking controls.

In the intervening years since 1908 the jewelry trade has become an important segment in the business community, whose annual retail sales in 1967 were in excess of \$261 million. It should be borne in mind, I think, that while this figure includes the various classes of items handled by jewelry stores, the value of articles which are subject to the Act would represent a substantial portion of the total. Through the Canadian Jewellers Association, which comprises some 1200 retail firms, 150 manufacturers and 100 wholesalers, the industry is a strong supporter of the Precious Metals Marking Act which it recognizes is a vital element in maintaining public confidence in the quality of its products.

Practically everyone in the country, certainly in this Committee, at some time benefits from the protection of quality provided by the Act, through their purchase of a watch, engagement and wedding rings, flatware or silver tea service, and so on. In addition to protecting the consumer or the purchaser, the Act also protects the individual dealer by providing a code of fair trade practice for the industry. Its provisions apply to imported articles as well as domestic production.

• 1115

Numerous amendments to that original Gold and Silver Marking Act necessitated a general revision of the act in 1946, which resulted in the present Precious Metals Marking Act. This has been amended on two occasions, the last of which was in 1955. Several desirable amendments have been held in abeyance since 1959 due to other priorities in the increasingly heavy legislative program since that time.

The intent of the Bill that is now before the Committee is to update the Precious Metals Marking Act, Chapter 215 of the Revised Statutes of Canada, 1952, and to provide the mechanics for more easily meeting technological change. Since the amendments that we were proposing to the existing statute for this purpose would be fairly extensive it was deemed advisable to introduce an entirely new bill in replacement of the old and to repeal the present Act. Unfortunately that results in the Bill having no explanatory notes.

[Interpretation]

prévenir la fausse représentation envers les acheteurs et créer un régime méthodique de marquage grâce à l'établissement de normes de qualité et de contrôle du poinçonnage.

Au cours des années qui ont suivi, depuis 1908, le commerce de la bijouterie est devenu un secteur important du monde commercial, dont les ventes annuelles au détail en 1967 ont dépassé 261 millions de dollars. Il faut se rappeler, je crois, que, même si ce chiffre comprend les diverses catégories d'articles dans les bijouteries, la valeur des articles qui sont assujettis à la Loi représenterait une partie substantielle du total. Par l'intermédiaire de l'Association des bijoutiers canadiens (Canadian Jewellers Association), qui comprend environ 1200 magasins au détail, 150 fabricants et 100 vendeurs en gros, l'industrie appuie fortement la Loi sur le poinçonnage des métaux précieux qu'elle tient pour un élément essentiel en vue de maintenir la confiance du public quant à la qualité de ses produits.

Presque chaque personne au pays, certainement même ici au Comité, à un moment ou l'autre tire profit de la protection de la qualité que prévoit la Loi, lorsqu'elle achète une montre, des baques de fiançailles et des alliances, de l'argenterie plate ou un service à thé en argent. En plus de protéger le consommateur ou l'acheteur, la Loi protège également chaque vendeur en assurant un code de pratiques commerciales équitables pour l'industrie. Ses dispositions s'appliquent aussi bien aux articles importés qu'aux articles fabriqués au pays.

Le grand nombre de modifications apportées à cette Loi initiale sur le poinçonnage de l'or et de l'argent a rendu nécessaire une révision générale de la Loi en 1946, et c'est ainsi qu'a été adoptée la Loi actuelle sur le poinçonnage des métaux précieux. Celle-ci a été modifiée à deux reprises, et la dernière modification a été apportée en 1955. Plusieurs modifications souhaitables ont été laissées de côté depuis 1959 à cause d'autres priorités à l'égard des programmes législatifs qui n'ont cessé d'augmenter depuis cette date.

L'objet du Bill qui est maintenant à l'étude à ce Comité consiste à mettre à jour la Loi sur le poinçonnage des métaux précieux, chapitre 215 des Statuts du Canada, 1952, et à prévoir le mécanisme permettant de l'adopter plus facilement aux changements techniques. Comme les modifications que nous proposons à la Loi actuelle pour cette fin seront assez nombreuses, on a jugé préférable de présenter un bill entièrement nouveau pour remplacer l'ancien et abroger la Loi actuelle. Malheureusement, le résultat est qu'il n'y a pas de notes explicatives.



## [Texte]

The present Act governs the marking and descriptions, and advertising of articles composed of gold, silver, platinum and palladium and articles plated with gold or silver. While marking is not mandatory, any quality marking or description is confined to the form and manner provided in the Act. Responsibility for the quality of the article is established by the general provision that a quality marked article must also bear a trademark which is registered or applied for under the Trade Marks Act. By this means an offending article can be traced to the person or firm responsible for the quality marking.

National marks in addition to the quality marks can be used under licence for precious metal articles of gold and silver which are manufactured in Canada. It is desirable that such marks should be available for platinum and palladium articles and to obviate a proliferation of marks a single one is proposed in the new Act.

In addition to providing general basic provisions, the present Act embraces numerous operative sections of a technical nature in which the provisions define the material content specifications for various classes of articles. With advancements in new processes, production methods and quality control, the existing provisions have or might become obsolete, and if simpler mechanics for change are not provided there would be an unnecessary delay in recognition of such improved techniques.

With the present legislation, such technical changes require amendments to the Act. If you look at the existing Act you will see many terribly technical provisions relating to the production process. Since almost all required amendments to this statute are related to manufacturing techniques, it is considered advisable that the Act be reconstructed to retain the present basic provisions and place the operative technical sections in regulations made under the authority of the Act.

Such basic provisions to be retained in the Act relate to general requirements respecting correct quality marking and identifying trade marks; offences, penalties and disposition of articles upon conviction; powers of inspection, seizure and assay evidence, and authority for Governor in Council to make certain regulations. The authority being sought is to

## [Interprétation]

La Loi actuelle régit les marques et descriptions, ainsi que l'annonce d'articles composés d'or, d'argent, de platine et de palladium, de même que d'articles plaqués d'or ou d'argent. Bien que le poinçonnage ne soit pas obligatoire, toute marque ou description de la qualité se fait uniquement d'après la forme et la façon prévues dans la Loi. La responsabilité quant à la qualité de l'article est établie par la disposition générale stipulant qu'un article portant une marque de qualité doit également porter une marque de commerce qui est enregistrée ou à l'égard de laquelle une demande d'enregistrement a été présentée en vertu de la Loi sur les marques de commerce. De cette façon, on peut découvrir la personne ou la société responsable du marquage de la qualité d'un article imparfait.

Les marques nationales, en plus des marques de qualité, peuvent être utilisées d'après une licence pour les articles de métaux précieux en or et en argent fabriqués au Canada. Il est souhaitable que ces marques soient apposées aux articles de platine et de palladium et, pour éviter la prolifération de marques, on en propose une seule dans la nouvelle Loi.

En plus de fournir des dispositions fondamentales d'ordre général, la Loi actuelle contient de nombreux articles exécutoires de nature technique dont les dispositions définissent les spécifications quant à la teneur des matériaux pour diverses catégories d'articles. Avec les progrès dans le domaine des nouveaux procédés, méthodes de production et contrôle de la qualité, les dispositions actuelles sont tombées ou pourraient tomber en désuétude, et si l'on ne prévoit pas de moyens plus simples pour effectuer des changements, il en résultera un délai inutile dans la reconnaissance de ces techniques améliorées. Dans le contexte de la Loi actuelle, ces changements techniques exigent des modifications à la Loi. Vous verrez qu'il y a des clauses très techniques qui se rapportent au processus de production. Étant donné que presque toutes les modifications nécessaires à la Loi ont trait aux techniques de fabrication, on estime qu'il est opportun de réédicter la Loi afin de conserver les dispositions fondamentales actuelles et de placer les articles techniques d'exécution dans les règlements établis sous l'autorité de la Loi.

Les dispositions fondamentales à conserver dans la Loi ont trait aux exigences générales concernant le marquage exact de la qualité et l'identification des marques de commerce; les infractions et les peines et la façon de disposer des articles à l'égard desquels une déclaration de culpabilité a été prononcée; les pouvoirs d'inspection, les saisies et la preuve à

[Text]

transfer to regulations all technical provisions of the present Act. These cover definitions of material content and assay tolerances for the various classes of wares, the permissible quality marks that may be applied to such articles, and exemption of certain functional parts of articles from assay of the article. This structure will provide the required flexibility to keep operative provisions up to date with technological advancements in the industry and provide the consumer with meaningful quality descriptions and protection.

**Le président:** Merci, monsieur le ministre. Avant d'accepter des commentaires ou des questions sur le Bill en général, il me fait plaisir de saluer la présence parmi nous de M. Fraser, le greffier de la Chambre des communes, et le 1<sup>er</sup> greffier adjoint, M. Dubroy.

**M. Gray:** Monsieur le président, leur présence est la preuve de ce que nous avons constaté depuis 12 ans, c'est-à-dire que ces fonctionnaires de la Chambre considèrent que le vrai centre du droit parlementaire réside dans le Comité des finances, du commerce et des questions économiques.

**Le président:** Merci, monsieur Gray. Maintenant, je donne la parole à M. Lambert (Edmonton-Ouest).

**Mr. Lambert (Edmonton West):** Well, Mr. Chairman, I rather suspect that the procedure will be either to discuss the statement made by the Minister or to consider the Act clause by clause. On that score I would prefer to move clause by clause, but first of all I would like to...

**Le président:** Un instant, monsieur Lambert. Est-ce que les autres membres sont d'accord pour étudier le Bill article par article, ou bien veulent-ils faire des commentaires généraux?

**Des voix:** D'accord.

**Mr. Saltsman:** Mr. Chairman, I prefer to make a general comment. Looking at these clauses, virtually every one is a technical clause. I do not think there is going to be much debate on the clauses themselves. If it is satisfactory to you and to the Committee, Mr. Chairman, I would like to ask some general questions on the Bill.

**The Chairman:** What about you, Mr. Lambert?

[Interpretation]

l'égard des essais; ainsi que le pouvoir du gouverneur en conseil d'établir certains règlements. L'autorisation que l'on désire consiste à reporter aux règlements toutes les dispositions techniques de la Loi actuelle. Celles-ci comprennent les définitions de la teneur des matériaux et des tolérances à l'essai pour les diverses catégories d'objets, les marques de qualité admissibles qui peuvent être apposées à ces articles, et l'exemption de l'essai de l'article en ce qui a trait à certaines parties fonctionnelles d'articles. Cet agencement donnera la souplesse nécessaire pour tenir les dispositions exécutoires au rythme des progrès technologiques dans l'industrie et fournira au consommateur des descriptions et une protection significatives quant à la qualité. Merci.

**The Chairman:** Thank you, sir. Before recognizing or accepting remarks or questions on the bill in general, I am pleased to greet among us Mr. Fraser, the Clerk of the House of Commons and the Assistant Clerk, Mr. Dubroy.

**Mr. Gray:** Mr. Chairman, their presence is the proof of what we have observed over the past 12 years, i.e. that these officials of the House of Commons consider the true centre of parliamentary law to reside in the Committee on Finance, Trade and Economic Affairs.

**The Chairman:** Thank you, Mr. Gray. I would now like to give the floor to Mr. Lambert (Edmonton West).

**M. Lambert (Edmonton-Ouest):** Monsieur le président, je me doute comment on va procéder. Est-ce qu'on va d'abord parler de la déclaration du ministre ou va-t-on étudier la Loi, article par article? Pour ma part, je préfère l'étudier article par article, mais...

**The Chairman:** One moment, Mr. Lambert. Are the other members agreeable to study the bill clause by clause or do they wish to make general comments?

**Voices:** Agreed.

**M. Saltsman:** Je préfère faire une déclaration générale. En lisant ces articles, je constate que la plupart sont très techniques. Si vous êtes d'accord, monsieur le président, et si les membres du Comité sont d'accord, j'aimerais d'abord poser certaines questions générales.

**Le président:** Et vous, monsieur Lambert?



*[Texte]*

**Mr. Lambert (Edmonton West):** Well, I feel that way too. At the beginning I would like to make reference to the testimony that was given before the Senate Banking and Commerce Committee.

**The Chairman:** Mr. Gray?

**Mr. Gray:** I was going to suggest, Mr. Chairman, that there is no reason why we cannot do both. I think we should have a reasonable period of general discussion based on the Minister's statement and in the course of this discussion members should be at liberty to refer in a general way to the clauses or other testimony given. Then we can move on, after a reasonable period for this, to consider the bill clause by clause and dispose of it in that way.

• 1120

**The Chairman:** Thank you, Mr. Gray. Mr. Lambert?

**Mr. Lambert (Edmonton West):** Mr. Chairman, I notice that in the testimony before the Senate Committee as well as at present the Minister says that the marking of articles is not mandatory but if they are marked then they must be marked in accordance with the Act and the regulations.

I was wondering why it was not considered that any articles, particularly those imported, should bear a form of what one would call "hallmark" in so far as Canada is concerned because the Act does provide that if it does bear a mark from the country of origin this will have to conform with the Canadian standards. In other words, if you do put a mark on an article made of a precious metal covered by the Act, then you must conform to the Canadian Act, but you can actually bring it in completely unmarked.

A dealer could then sell it to the public and say, "This is a sliver article". There are no means of identifying the standard or anything like that. Frankly, the Act does not do anything about that. I was wondering why, if we are going to have here in Canada something to protect the consumer and also to establish a set of standards or values for articles made of precious metals, it is not made mandatory that no articles shall be imported into the country unless they shall bear the equivalent Canadian marking before it is put on the market.

**Mr. Basford:** First of all, articles can be imported with a mark if that mark is in accordance with, for example, the British hallmark.

*[Interprétation]*

**M. Lambert (Edmonton-Ouest):** Je voudrais procéder aussi de cette manière. Au début, j'aimerais me rapporter aux témoignages déjà entendus au Comité des banques et du commerce du Sénat.

**Le président:** Monsieur Gray?

**M. Gray:** Nous pourrions faire les deux. Je pense que nous devrions avoir une période raisonnable de discussion générale sur la déclaration du ministre. Les membres devraient avoir l'opportunité de mentionner les articles qui les intéressent. Ensuite nous passerons à l'étude du Bill, article par article.

**Le président:** Merci monsieur Gray. Monsieur Lambert?

**M. Lambert (Edmonton-Ouest):** Monsieur le président, je constate que, dans le témoignage devant le Comité du Sénat, aussi bien que dans sa déclaration, le ministre dit que le poinçonnage des articles n'est pas obligatoire, mais que, si les articles sont poinçonnés, ils doivent l'être conformément à la Loi et aux règlements.

Je me demande pourquoi on n'a pas songé, particulièrement au sujet des articles importés, pourquoi on n'a pas pensé à exiger une marque de commerce ou un poinçon. Car, la Loi stipule que, si ces articles portent le poinçon du pays d'origine, cela doit être conforme aux normes canadiennes. En d'autres mots, si on appose un poinçon à un article contenant des métaux précieux, on doit se conformer à la loi canadienne. Mais, ces articles peuvent entrer au Canada sans aucun poinçon.

Par conséquent, un commerçant pourrait le vendre et dire que c'est un article d'argent. Il n'y a aucune norme, et la Loi, je dois dire honnêtement, ne traite pas de cet aspect. Si, au Canada, on veut protéger le consommateur et établir des normes pour les articles composés de métaux précieux, on devrait aussi exiger que les articles qui entrent au Canada portent un poinçon qui établit une qualité égale à celle que l'on exige au Canada.

**M. Basford:** Certains articles poinçonnés peuvent être importés, si le poinçon est conforme, par exemple, à celui de la Grande-Bretagne.

[Text]

**Mr. Lambert (Edmonton West):** There is no question about that, Mr. Minister, but why is there free entry without anything?

**Mr. Basford:** The experience has simply been that Canadian jewellers and wholesalers have what is essentially a voluntary program, although they cannot mark in accordance with this Act, as you stated quite correctly. The experience has been that Canadian jewellers and wholesalers have licensed themselves pursuant to the Act and have marked pursuant to the Act.

**Mr. Lambert (Edmonton West):** What concerns me is not so much the members of the Canadian Jewellers Association or the Jewellers Manufacturers Association but what you would consider the souvenir and novelty—no, that may be too light a term—but the type of shop that primarily is located for and caters to tourists.

Let us look at duty free shops in airports, you know, this sort of casual impulsive buying where someone says, "Well, I am going to get a good gift before I go back", and it is an article that is purported to be of silver. This person is at the mercy of whoever wants to put on the market unmarked or imported articles for sale to these people. I would have thought the opportunity would have been taken to establish Canadian standards; you either put your markings on them or you cannot sell them.

**Mr. Basford:** As I say, if there were any mark on that article at all, if someone puts "silver" on it, it is a breach of the Act.

**Mr. Lambert (Edmonton West):** I quite agree with that.

**Mr. Basford:** There is also a constitutional problem.

**Mr. Lambert (Edmonton West):** What is the constitutional problem? That sort of answer is not quite sufficient.

**Mr. Basford:** We are advised that we would have difficulty in establishing a standard or a mandatory regulation at the federal level to cover that situation.

**Mr. Lambert (Edmonton West):** Why would there be any difference? You also say that it must bear a trademark and yet that is mandatory. You have the authority but is there

[Interpretation]

**M. Lambert (Edmonton-Ouest):** Sans doute, monsieur le ministre, mais pourquoi certains articles entrent-ils au Canada, sans être poinçonnés?

**M. Basford:** D'après nos expériences, les commerçants canadiens, tant détaillants que grossistes, ont un programme volontaire. Les marchands canadiens se sont accordés un permis et ont poinçonné en conformité avec la Loi.

**M. Lambert (Edmonton-Ouest):** Je ne m'occupe pas de ce que pense cette Association de bijoutiers du Canada, mais plutôt des articles tels que les souvenirs, des boutiques qui alimentent surtout les touristes. Prenons le cas des boutiques qui sont dans les aéroports, où l'on vend des articles francs de port. Les gens veulent acheter des souvenirs avant de revenir. Lorsqu'il s'agit, par exemple, d'articles d'argent, l'acheteur est à la merci de personnes qui veulent écouler des articles importés et ne portant pas de poinçon.

J'aurais cru que l'on profiterait de cette occasion pour établir des règlements à ce sujet. On pourrait leur dire: «Il faut que ces articles soient poinçonnés ou, autrement, on ne les vendra pas au Canada».

**M. Basford:** Tout d'abord, si cet article portait un poinçon quelconque et si on me dit que l'article est fait d'argent, il s'agit d'une infraction à la Loi.

**M. Lambert (Edmonton-Ouest):** Je suis d'accord.

**M. Basford:** Il y a aussi un problème constitutionnel.

**M. Lambert (Edmonton-Ouest):** En quoi consiste ce problème constitutionnel?

**M. Basford:** On nous informe qu'il serait difficile d'établir des règlements ou des normes au niveau fédéral dans des situations semblables.

**M. Lambert (Edmonton-Ouest):** Pourquoi y aurait-il des différences? Vous dites aussi que ces articles doivent porter une marque de commerce et pourtant cela est obligatoire.



*[Texte]*

any question of serious dispute by any province, because it would have to be a province that would claim to have overriding constitutional authority.

**Mr. Basford:** Oh no, it could be an individual also.

**Mr. Lambert (Edmonton West):** I would put it to you that the challenge could only come from someone who would assert someone else's authority.

**Mr. Basford:** Any citizen is entitled to challenge the constitutionality of a statute; you cannot just take a province.

**Mr. Lambert (Edmonton West):** But in order to establish the fact that the federal authority has no constitutional right to pass such legislation, that person would have to prove that a province has it. Where is the provincial authority alleged or feared to reside?

**Mr. Basford:** Over the power to contract, I would think. If you would like to call the Department of Justice they could give you a more complete explanation than I on this point. This has always been the basis of this legislation, the advice from the Department of Justice.

**Mr. Lambert (Edmonton West):** Wait a minute. Perhaps Mr. Lewis could give us a little more detail; just the statement, well, Justice tells us that we have not the constitutional authority—

**Mr. Basford:** We are bound to take the advice of the—

**Mr. Lambert (Edmonton West):** Mr. Minister, if I may say so, this is just a casual statement you are making. I think one would have to go a little further and say, "All right, just where is the proof that this would reside in a province?", because it does not reside in vacuum.

**Mr. Lewis:** I believe the view is that mandatory markings, quality markings as such, would probably be in the provincial area of property and civil rights. This is the way I understand the proposition and there have been similar challenges on other labelling regulations of material content on products other than precious metals, a similarly based regulation. This was challenged, I believe, by one of the provinces and the court found that the regulation in question, being permissive instead of mandatory, was then within the federal jurisdiction.

*[Interprétation]*

Vous avez l'autorité, mais est-ce qu'il est question de disputes graves de la part de certaines provinces, parce que ce serait une province qui revendiquerait une autorité supérieure en vertu de la Constitution?

**M. Basford:** Non, il peut s'agir d'une personne.

**M. Lambert (Edmonton-Ouest):** Disons que le défi serait relevé seulement par des personnes qui pourraient s'arroger une autorité injustement.

**M. Basford:** Tout citoyen a le droit de mettre en doute l'aspect constitutionnel d'une loi. Il ne s'agit pas seulement des provinces.

**M. Lambert (Edmonton-Ouest):** Mais, pour établir le fait que les autorités fédérales n'ont pas le droit d'adopter une telle loi d'après la Constitution, une personne devra prouver que les provinces l'ont. Quelle est l'autorité provinciale qui pourrait être en jeu?

**M. Basford:** On pourrait demander aux fonctionnaires du ministère de la Justice de vous en dire plus long sur ce sujet. Cette mesure a été élaborée sur les avis des fonctionnaires du ministère de la Justice.

**M. Lambert (Edmonton-Ouest):** L'énoncé voulant que le ministère de la Justice nous ait dit que nous n'avions pas l'autorité constitutionnelle. .

**M. Basford:** On peut suivre les avis du . .

**M. Lambert (Edmonton-Ouest):** C'est une déclaration sans fondement, je dois dire. Où est la preuve qu'une province quelconque détient cette autorité?

**M. Lewis:** L'opinion générale veut que le poinçonnage obligatoire au sujet de la qualité serait une question provinciale. C'est une question de propriété et des droits civils. C'est ainsi que j'envisage la question.

Il y a eu des défis au sujet d'articles autres que ceux qui contiennent des métaux précieux, au sujet de certains règlements. Une des provinces a mis cette question en doute et le tribunal a décidé que le règlement étant facultatif au lieu d'obligatoire relevait de la juridiction fédérale.

[Text]

This left, of course, a question if it had been mandatory of what the view of the court might have been. The province was challenging the validity even of a voluntary or non-mandatory regulation of this type. It was only because it was voluntary and not mandatory that it was found to be within federal jurisdiction.

**Mr. Lambert (Edmonton West):** I will turn back to the Minister. In the same line, is it felt that requirements for safety and quality—which we must anticipate in future legislation since this has been, I believe, the idea of another bill which is before the Senate or about to come before the Senate—will be on a voluntary rather than mandatory basis?

**Mr. Basford:** No, Mr. Lambert; they are based essentially on the criminal jurisdiction of the federal government. This is the basis of the federal Food and Drug Act. It is a crime, in effect, to sell putrid meat or unsafe drugs. This would be on the same basis as the bill to which I think you are referring, hazardous products.

• 1130

**Mr. Lambert (Edmonton West):** I am also talking about standards for clothing, and this sort of thing if there are any hazards.

I notice that in the testimony before the Senate it was also alleged that the ground for authority for this Bill was also of a criminal nature. I think one of the senators challenged that and you referred to it and said there is some form of—I do not know why you call it criminal because there are penalties but. It seems to me there is a fine distinction here that is, with all due respect, illusory.

**Mr. Basford:** Except that the deception dealing with advertising would be, I think we could argue successfully, founded on the criminal jurisdiction of the federal government. We are advised we have to exercise extreme caution in establishing mandatory marking regulations such as envisaged in this Act. The same would be open to attack.

**Mr. Lambert (Edmonton West):** I am not going to argue the point any further, Mr. Chairman, but I just do not see the difficulty.

**The Chairman:** I understand Mr. Gray wants to ask a supplementary question.

**Mr. Gray:** Mr. Chairman, perhaps it would be fairer to the others if I took a turn after Mr. Saltzman, because I might extend my remarks beyond a mere supplementary question.

[Interpretation]

Je ne sais pas quel aurait été le résultat de la cause, s'il s'était agi de dispositions obligatoires. C'est simplement parce qu'il s'agissait d'un règlement facultatif que la cause s'est terminée ainsi.

**M. Lambert (Edmonton-Ouest):** Est-ce que l'on pense que les conditions imposées au sujet de la qualité et de la sécurité, qui sont le principe qui a inspiré cette mesure, consisteront en dispositions facultatives?

**M. Basford:** Cela est fondé sur la juridiction criminelle fédérale. C'est le fondement de la Loi-fédérale sur les aliments et drogues. C'est un crime de vendre des aliments gâtés ou des drogues dangereuses.

**M. Lambert (Edmonton-Ouest):** Je parle aussi des normes qui s'appliquent aux vêtements il y a certains dangers dans ce sens aussi. Dans votre témoignage devant le Comité du Sénat, vous avez dit aussi qu'il s'agissait de causes criminelles.

Je pense qu'un des membres du Sénat a mis cela en doute. Vous en aviez parlé d'ailleurs. Je ne sais pas pourquoi on dit qu'il y a une certaine caractéristique criminelle, parce qu'il y a des sanctions. Il y a une distinction ténue qui se présente ici et qui est illusoire.

**M. Basford:** Sauf cette partie où on parle de réclames, qui relèverait de la compétence du gouvernement fédéral. On me dit qu'il nous faut prendre de grandes précautions lorsqu'il s'agit d'établir des règles obligatoires pour le poinçonnage, telles que prévues dans cette Loi.

**M. Lambert (Edmonton-Ouest):** Je ne veux pas insister plus longuement, monsieur le président, mais je ne vois pas les difficultés qui pourraient se présenter.

**Le président:** Si je comprends bien, M. Gray voulait poser une question complémentaire.

**M. Gray:** Je parlerai après M. Saltzman, pour être juste à l'égard des autres, car mes remarques pourraient être plus qu'une question complémentaire.



[Text]

**The Chairman:** Are you through, Mr. Lambert?

**Mr. Lambert (Edmonton West):** Yes, thank you.

**The Chairman:** Mr. Saltsman?

**Mr. Saltsman:** Mr. Chairman, following up Mr. Lambert's question, it seems to me that the failure to mark could be made a criminal offence just as marking in the wrong way could be made a criminal offence. Perhaps one of the reasons this has not been aggressively pursued is simply the fact that it is to the advantage of anyone who incorporates precious metals to indicate that there is such content in the jewellery; they have nothing to gain by not marking where there is a previous metal involved.

I think I am inclined to agree with Mr. Lambert that if the government sought to make it mandatory it would probably have the power. It has the power to do the other things it has been suggested, in other bills, and it would probably have the power under this Act. However, there is just no point to it, because anyone who is going to incorporate precious metals in jewellery or in manufactures of any kind is going to want to have it indicated. Will you comment on that aspect of my suggestion?

**Mr. Basford:** That is right. This is why we get compliance with what is a voluntary marketing program. People want it put on and shoppers shop for 14 carat, or 18 carat or 22 carat. They cannot mark that on any precious metal unless it is truly marked in accordance with the Act. This, of course, is what the purchaser is looking for. Therefore, it is to the jewellers' or the manufacturers' great advantage to mark that quality on it.

**Mr. Saltsman:** I cannot see anything in this Act that I would object to. It seems like a pretty straightforward historic bookkeeping Act and if Mr. Gillespie will excuse me for perhaps wandering a little off the Act, while we have the Minister here I do want to raise a question with you, Mr. Basford.

In your opening statement you used the term "public confidence in the quality of its product." Now, because gold and precious metals have been an historic commodity, we have gone to great efforts to ensure that public confidence is maintained in these particular commodities. We have not made the same kind of effort with the other commodities that have appeared in modern times. The question I would like to put to you, Mr. Basford is: Is your Department prepared to consider estab-

[Interprétation]

**Le président:** Avez-vous terminé, monsieur Lambert?

**M. Lambert (Edmonton-Ouest):** Oui.

**Le président:** Monsieur Saltsman?

**M. Saltsman:** Monsieur le président, pour reprendre la ligne de questions posées par M. Lambert, j'ai l'impression que si on ne poinçonne pas un article, cela pourrait être considéré un délit criminel tout comme un poinçonnage incorrect pourrait l'être. Sans doute une des raisons pour lesquelles, cette mesure rigoureuse n'a pas été appliquée est qu'il est avantageux pour quiconque incorpore des métaux précieux d'indiquer qu'il y en a dans les bijoux, il n'a rien à gagner en ne le faisant pas.

Mais je suis porté à convenir avec M. Lambert que si le gouvernement essaie d'établir un poinçonnage obligatoire, qu'il a la compétence voulue pour le faire. Il a le pouvoir de faire les autres choses prévues à d'autres projets de loi et il aurait probablement le pouvoir de le faire en vertu de cette Loi. Mais je ne vois pas pourquoi on le fait parce que quiconque veut inclure des métaux précieux dans des bijoux ou dans la fabrication d'un article donné, désirera sûrement l'indiquer. Voulez-vous faire un commentaire en marge de ma suggestion?

**M. Basford:** Oui, c'est juste. C'est la raison pour laquelle nous nous en tenons au programme volontaire. Les gens veulent l'inclure et les acheteurs recherchent le 14, le 18 ou le 22 carats. On ne peut l'inscrire sur un métal précieux à moins que ce ne soit véritable et suivant les dispositions de la Loi. C'est ce que l'acheteur recherche. Par conséquent, c'est à l'avantage du joaillier ou du fabricant d'indiquer la qualité.

**M. Saltsman:** Je ne vois rien dans cette Loi qui m'inciterait à m'y opposer. Cela me paraît être purement et simplement une loi dont le but est de tenir une comptabilité et M. Gillespie m'excusera si je m'éloigne un peu de la Loi alors que le ministre est ici. Je voudrais vous poser une question, monsieur Basford.

Alors que j'écoutais votre déclaration d'ouverture, vous avez parlé de la confiance dans la qualité du produit. C'est parce que l'or et les métaux précieux sont une denrée reconnue sur le plan historique que nous avons déployé de très grands efforts pour nous assurer le maintien de la confiance du public à l'égard de cette denrée. Nous n'avons pas déployé les mêmes efforts pour ce qui est des autres denrées qui ont fait leur apparition dans nos temps modernes. Je voudrais vous

## [Text]

lishing public confidence in the quality of other products that are now available through some other kind of legislation?

In other words, in this legislation you could take out precious metals and include other things—markings—something like a seal of *Good Housekeeping* approval where the Department tests and the manufacturers can apply for this seal as an indication of the quality of the various products that are being put on the market, and to take the precedent that we have in this legislation of an historic good—of a long accepted good—and start applying it to many of the new products that are coming on the market for exactly the same purpose, to establish consumer confidence in those products.

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**Mr. Basford:** I think that is being done to a great extent already, Mr. Saltzman, in such acts as the Food and Drugs Act which I think warrants the confidence of the public in a great range of foods and drugs. I think it is being done under the Canada Agricultural Products Standards Act which sets grades and standards for quite a large range of agricultural products.

We are working on and will be announcing further steps with regard to textiles—garments. I have introduced in the Senate a Hazardous Products Act which again is designed to increase the confidence of the public, from a safety point of view, in certain products on the market. Under that Act we can well establish, and propose to establish, minimum standards for a considerable range of products.

Therefore, I think we have already done a good deal in the area you have suggested and we are intending to do more. However, at the moment we do not envisage selling *Good Housekeeping* seals to manufacturers. Our approach is slightly different; it is intended to design minimum standards.

**Mr. Saltzman:** This still does not answer the question I raised in connection with this particular legislation which has a specific indication of the quality which, in precious metals, I believe is called a hallmark. I am asking whether the Consumer and Corporate Affairs Department is prepared to establish

## [Interpretation]

demandeur, monsieur le ministre, si votre ministère songe à établir cette confiance du public dans la qualité d'autres produits qui sont maintenant disponibles grâce à une autre législation?

En d'autres mots, dans cette législation, vous pourriez prendre des métaux précieux et inclure d'autres poinçonnages, par exemple, le sceau d'approbation du *Good Housekeeping*, qui est une revue américaine, que le ministère vérifie, et les fabricants peuvent faire une demande pour ce sceau de façon à indiquer la qualité des différents produits qui sont mis sur le marché et se servir du précédent que nous avons dans cette législation pour ce qui est d'un produit historique, connu depuis longtemps, et l'appliquer à plusieurs des nouveaux produits dans le but d'atteindre le même objectif, soit établir la confiance du public dans ces produits.

**M. Basford:** Je pense que cela est déjà fait dans une grande mesure, il y a la Loi sur les aliments et drogues qui, je pense, se mérite la confiance du public, pour toute une gamme de denrées alimentaires et de drogues. Je pense que cela se fait en vertu de la Loi sur les normes de produits agricoles du Canada, qui établit des normes pour toute une gamme de produits agricoles. Nous sommes à mettre au point d'autres dispositions que nous annoncerons plus tard pour ce qui est des textiles et des vêtements. J'ai présenté une loi au Sénat, *Hazardous Products Act* (Loi en vue de contrôler les produits qui présentent des risques, traduction,) qui est conçue, une fois de plus, pour accroître la confiance du public sur le plan sécurité à l'égard de certains produits qui se trouvent sur nos marchés. En vertu des dispositions de cette loi, nous pourrions très bien établir, et nous avons l'intention de le faire, des normes minimales pour tout un ensemble de produits.

Donc, je pense que nous avons déjà fait beaucoup de travail dans ce secteur que vous nous proposez et nous avons l'intention d'en faire plus. Mais seulement, en ce moment, nous n'avons pas l'intention de vendre ces sceaux de la revue *Good Housekeeping* aux manufacturiers. Nous procédons d'une façon tout à fait différente auprès des fabricants, nous avons l'intention de mettre au point des normes minimales.

**M. Saltzman:** Cela ne répond pas tout à fait à la question que j'ai posée à l'égard de cette législation qui a une indication précise de la qualité qui, dans le cas des métaux précieux, je crois, s'appelle un poinçon de contrôle. Je veux savoir si le ministère de la Consommation et des Corporations est prêt à établir un



## [Texte]

an equivalent to a hallmark for other goods that manufacturers could apply for to put on their products as an indication that they have been tested by your Department, to indicate to the consumer at the point of purchase that this has been done, rather than the worthwhile work that you are doing now of general examination and general legislation.

**Mr. Basford:** This is already being done in a good number of food products, for example, which are graded A, B and so on. Many consumer groups have urged that the grading system be enlarged and extended to a wider range of food products and with that I concur. The establishment of those grades and of those standards is sometimes a very difficult job. Establishing grades, for example, for sausages is quite a difficult proposition.

This is being done. When you buy Grade A bacon you know that bacon meets certain requirements of the Department of Agriculture. You know that Grade C bacon is a quite different bacon and has a much higher fat content, and so on. That is being done.

As grading techniques improve, as we become more vigorous, I think, the range of foods covered by grades will be increased...

**Mr. Saltsman:** Do you have any plans...

**Mr. Basford:** ...but with certain other products I think the proper approach is the establishment of minimum standards. I think it is very difficult, for example, to put standards on refrigerators or stoves. I think you should be concerned with whether they meet certain safety standards and a great deal has already been done under the Canadian Standards Association to assure their safety.

**Mr. Saltsman:** But there are no plans...

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**Mr. Basford:** I think there are better things for us to do at the moment than to try to establish Grade A, B, C or D stoves.

**Mr. Saltsman:** It was not my intention to be concerned with grading stoves, but of setting certain standards in terms of reliability; in terms of the kind of metal that is being used in them; in terms of the guarantees that the manufacturer is prepared to offer regarding servicing and matters of this nature. I believe

## [Interprétation]

équivalent de cette marque pour toutes les denrées qu'on pourrait appliquer sur tous les produits et indiquer ainsi que l'on en a fait l'épreuve à votre ministère et ainsi on pourrait indiquer au consommateur au moment de l'achat, que cela a été fait plutôt que ce travail d'étude, très méritoire, d'ailleurs, que vous faites maintenant, et qu'une législation générale.

**M. Basford:** Ceci se fait déjà pour un grand nombre de denrées alimentaires où on établit des catégories «A», «B», «C» entre autres. Un bon nombre de groupes de consommateurs demandent qu'on élargisse les cadres de ce service pour inclure un plus grand nombre de produits alimentaires et je suis d'accord avec eux à ce point de vue. Parfois, il est très difficile de faire ce travail. Établir des catégories de qualités, dans le cas de la saucisse, par exemple, n'est pas une chose facile à réaliser.

Ceci se fait. Lorsque vous achetez du bacon de catégorie «A», vous savez qu'il répond à certaines exigences du ministère de l'Agriculture. Vous savez que le bacon de la catégorie «C» est tout à fait différent et qu'il a plus de gras, etc. Cela est donc fait déjà. Au fur et à mesure où nous améliorerons nos techniques, au fur et à mesure où nous avons un peu plus de vigueur, la gamme des produits alimentaires régis par ces normes sera plus grande.

**M. Saltsman:** Vous avez certains plans, certains programmes?

**M. Basford:** Je pense qu'il s'agit d'établir des normes minimales; c'est là la façon appropriée de procéder. Il est très difficile, je pense, d'établir des normes pour les réfrigérateurs ou les cuisinières électriques. Je pense qu'on devrait s'en préoccuper. Il faudrait voir à ce qu'ils répondent à certaines normes sur le plan électrique, il faudrait s'assurer de leur entière sécurité et beaucoup a déjà été fait par la *Canadian Standards Association* à ce point de vue.

**M. Saltsman:** Mais il n'y a pas de plans...

**M. Basford:** Mais je crois qu'il y a mieux à faire pour l'instant que d'essayer d'établir des catégories «A», «B», «C» ou «D» pour les cuisinières.

**M. Saltsman:** Ce n'était pas mon intention de vouloir établir des catégories pour les cuisinières électriques, mais d'établir certaines normes de sécurité quant à la qualité du métal employé ou la garantie que le fabricant est prêt à offrir pour le service. Je pense que vous avez indiqué jusqu'à quel point votre

[Text]

you have indicated the extent to which your Department is prepared to go, Mr. Minister. Thank you, Mr. Chairman.

**Mr. Danson:** Mr. Chairman and Mr. Minister as I understand this, it is permissive legislation but it would seem to me to be quite different from the case of grading bacon, where if bacon is represented to be Grade A bacon, then it must be Grade A. Although I have not read the bill, a retailer could represent something as 14-carat gold if it was unmarked. The consumer does not have any protection unless he is aware that there is adequate marking. In other words, there is nothing to say that a retailer cannot represent something as something it is not. Once it is marked, then it has to be marked properly. It gets into the same region as a lot of the voluntary standards of the CSA and ISO.

**Mr. Basford:** The retailer could not put out any advertising to that effect. To misrepresent something would be very difficult to do. He could not put out any advertising, any signs; it would be prohibited.

**Mr. Danson:** But an individual retailer selling to an unsuspecting customer at one of these shops that Mr. Lambert refers to could say this was 14-carat gold. The poor unsuspecting customer would accept that and the retailer would not be breaking any laws, as I understand from what has been said here so far. He would be breaking the law only if he said it was 14-carat gold and had marked it as 14-carat gold and it was not 14-carat gold. But he could say it was anything he wanted.

**Mr. Basford:** Or had a sign in his window which said: "Special—14-carat gold rings". This would be an offence under the act.

**Mr. Danson:** But if he just represented it verbally in a sale, which is the most subtle way of doing it, he would not be committing any offence, as I understand it.

**Mr. Basford:** No. I think it would constitute a criminal offence, if you wanted to go after him.

**Mr. Danson:** It would?

**Mr. Basford:** Yes, under the fraud parts of the Code. We have found, I think, that the Canadian public look for these marks. They have come to expect them and, I think, treat an unmarked piece of jewellery with a good deal of suspicion.

**Mr. Danson:** I would like to go into it but it is not supplementary and I believe someone else is ahead of me.

[Interpretation]

ministère est prêt à s'engager dans cette voie. Merci beaucoup, monsieur le président.

**M. Danson:** Monsieur le ministre, si je comprends bien, c'est permissif, mais c'est bien différent, disons, de la classification du bacon, où si on dit que c'est du bacon de catégorie A, il faut qu'il en soit ainsi. Mais un détaillant pourrait présenter quelque chose comme étant de l'or quatorze carats, si ce n'était pas marqué. Et le consommateur n'a pas de protection. Rien ne peut empêcher un détaillant de qualifier un article comme il le veut. Mais s'il attache une description quelconque à un objet elle doit être véridique. Tout ceci ressemble aux normes qui sont appliquées volontairement par certaines associations.

**M. Basford:** Il ne pourrait pas faire de réclame à cet effet. Ce serait de la fausse représentation. C'est très difficile à faire, alors à ce moment-là il ne pourrait pas faire de réclame, de publicité, il en serait empêché.

**M. Danson:** Un détaillant pourrait vendre ses articles, entre autres, dans une de ces boutiques dont M. Lambert a parlé, et dire que c'est de l'or quatorze carats. Le pauvre client l'accepterait et le vendeur n'irait pas à l'encontre des lois, si je comprends bien ce qui a été dit jusqu'ici. Il n'irait à l'encontre des dispositions de la loi que s'il disait que c'est du quatorze carats et marquait l'article «quatorze carats» alors que ce ne l'est pas. Mais il peut dire ce qu'il veut.

**M. Basford:** S'il mettait, dans sa vitrine, une affiche disant: «Spécial—anneaux d'or—14 carats» il violerait la loi.

**M. Danson:** Mais s'il ne fait que le dire, il ne commet aucun délit, si je comprends bien.

**M. Basford:** Non, je crois qu'il s'agirait d'une offense criminelle.

**M. Danson:** Vraiment?

**M. Basford:** Cela va à l'encontre de ces dispositions du Code traitant de la fraude. Je pense que le public canadien recherche ces poinçons et prend garde aux articles de bijouterie non poinçonnés.

**M. Danson:** J'aimerais approfondir davantage, mais je crois que quelqu'un d'autre a maintenant la parole.



## [Texte]

**Le président:** M. Trudel a une question supplémentaire; ensuite, nous passerons à M. Gray.

**Mr. Trudel:** Mr. Basford, is there a minimum precious metal content that has to be met before approval is given for the use of the seal or the marking?

**Mr. Basford:** Oh, well, if it is marked as gold it has to be gold. There are assay tolerances which I will allow Mr. Lewis to get into, if I may.

**Mr. Trudel:** No, pardon me. What I meant was whether it would be possibly 10 carats or 12 carats, or whatever. Is there a minimum before you grant a seal of approval or marking?

**Mr. Basford:** Well, it would have to be marked. I do not know whether it is possible to make 3-carat gold or not.

**Mr. Lewis:** It is prohibited.

**Mr. Trudel:** This is what I want to find out.

**Mr. Lewis:** The minimum standard for gold is 9-carat gold. That is the lowest quality that is permitted to be marked in Canada.

**Mr. Trudel:** That answers my question.

**Mr. Lewis:** Similarly, in silver it is 925/1000ths, which is the sterling standard of silver.

**Mr. Trudel:** Thank you.

**The Chairman:** Mr. Gray?

**Mr. Gray:** Mr. Chairman, if I may just pick up one or two of the points that were raised in other questions. First of all, as I suggested through a comment in the course of Mr. Danson's supplementary question, I think the record should show clearly that it would not be correct to leave the impression that if a retailer verbally conveyed to a purchaser that an article contained a certain quantity of precious metal or was made of a certain precious metal and in doing so he was being inaccurate, and knowingly inaccurate, it would not be an offence. It seems to me that this might well fall under a number of different areas in the Criminal Code—fraud, false pretences, perhaps even in the sections that have not been used extensively so far, sections on false advertising. So I do not think we should leave the impression that verbal representations, because they are not covered

## [Interprétation]

**The Chairman:** Mr. Trudel has a supplementary question. We shall then listen to Mr. Gray.

**M. Trudel:** Monsieur le ministre, est-ce qu'il y a un minimum de fixé relatif au contenu des métaux précieux, et qu'il faut respecter pour obtenir le droit d'utiliser le sceau?

**M. Basford:** Si on dit que c'est de l'or, il faut que ce soit de l'or. Il y a certaines tolérances et je demanderais à M. Lewis, peut-être de vous le préciser.

**M. Trudel:** Non. Voici à quoi je voulais en venir: est-ce 10 carats, 12 carats, quel est le minimum? Est-ce qu'il y a un minimum à respecter pour que vous donniez un sceau d'approbation pour le poinçonnage.

**M. Basford:** Il faut que ce soit marqué. Je ne sais pas, par exemple, si on peut faire de l'or à trois carats.

**M. Lewis:** C'est interdit.

**M. Trudel:** C'est ce que je veux savoir.

**M. Lewis:** Le standard minimum est de neuf carats pour l'or. C'est la plus faible qualité autorisée au Canada.

**M. Trudel:** C'est la réponse que je cherchais.

**M. Lewis:** Pour ce qui est de l'argent, le contenu en sterling doit être de 925 millièmes.

**M. Trudel:** Merci.

**Le président:** Monsieur Gray?

**M. Gray:** Monsieur le président, si on veut bien me permettre de revenir sur un ou deux points soulevés dans les questions déjà posées. Tel que je le suggérais plus tôt, je crois qu'il faudrait indiquer très clairement qu'il ne serait pas juste de laisser l'impression, si un détaillant dit à un acheteur qu'un article contient une certaine quantité de métal précieux et qu'il est fait d'un certain métal précieux, alors que tel n'est pas le cas, qu'il n'y a pas de violation de la loi. Il pourrait peut-être s'agir de violations d'autres dispositions du Code criminel, telles la fraude, les fausses représentations et même les articles, peu souvent invoqués, relatifs à la publicité mensongère. Il ne faudrait pas laisser croire que les déclarations verbales mensongères ne sont prévues par aucun texte de loi parce qu'elles ne tombent pas sous le coup de ce bill, n'est-ce pas?

[Text]

by this act, would not, if they are false and knowingly false, be covered by any prohibition of the law. Would you agree with me on that?

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**Mr. Basford:** Yes, section 351 of the Criminal Code.

**Mr. Gray:** Also, to go back to a very interesting point raised by Mr. Lambert, while it is correct that trade and commerce under the British North America Act is a field assigned to the federal government, the courts have ruled in effect that this refers to interprovincial and foreign trade and even there some of the decisions, for example, the Board of Commerce Case, I believe in the early '20's, have rather severely limited the ambit of this power. However, at the same time, trade and commerce within a province is generally considered to be of provincial jurisdiction. The advisers in the Department of Justice might well feel that in so far as the sale of an article containing precious metals took place entirely within a province, both the offer and acceptance and so on, there might well be some question of the federal jurisdiction. What do you say about this thought that I have expressed? This might well be one of the considerations that let your advisers in the Department of Justice to use this permissive approach rather than the more mandatory one. do you think that is a valid consideration?

**Mr. Basford:** Sure.

**Mr. Gray:** Although I might add that—I hope I do not sound as if I am contradicting myself—it is my recollection that the courts have also said that even though a federal law seems to affect matters under provincial jurisdiction, if the law touches essentially on a federal aspect, a matter assigned to the federal government under the BNA Act, then it continues to be valid.

But I also want to go on to say that it seems to me as a layman and an outsider in this field that we are dealing with a rather special kind of trade and it is one of the few areas in which the public is very conscious of markings and the significance of absence of markings in a way that does not exist with respect to other types of products. Even the most uninformed and uninstructed person who wanders into a jewellery store to get an engagement ring, for example, is conscious of the concept of carats and different hallmarks of manufacturers. Therefore, the voluntary approach in the scheme of this bill would be more effective if this were not the case.

[Interpretation]

**M. Basford:** Le cas est prévu à l'article 351 du Code criminel.

**M. Gray:** Ainsi, pour revenir à un point des plus intéressants soulevés par M. Lambert, alors qu'il est juste de dire que le commerce en vertu de l'Acte de l'Amérique du Nord relève du gouvernement fédéral, les cours de justice ont précisé qu'il s'agit du commerce interprovincial et du commerce étranger. Mais même là, certaines décisions ont plutôt réduit la portée de ce pouvoir.

Mais en même temps, on s'entend pour dire que le commerce fait à l'intérieur d'une province relève de la compétence provinciale. Les conseillers au ministère de la Justice vous diront peut-être qu'en ce qui concerne la vente d'un article contenant des métaux précieux, vente qui se fait à l'intérieur d'une seule et même province, on peut alors mettre en doute la compétence du Fédéral. Qu'en pensez-vous? C'est peut-être là l'une des considérations qui ont porté vos conseillers, au ministère de la Justice, à adopter cette attitude? Mon observation est-elle juste?

**M. Basford:** Certainement.

**M. Gray:** Je pourrais peut-être ajouter (enfin, je ne veux pas sembler me contredire) si je me souviens bien, que les tribunaux ont aussi dit que, bien qu'une loi fédérale semble toucher à des questions relevant de la compétence provinciale, si la loi traite essentiellement d'un aspect relevant du gouvernement fédéral en vertu de l'Acte de l'Amérique du Nord britannique, elle demeure valide. Mais je voudrais aussi ajouter, en tant que non-initié, que j'ai l'impression que c'est un commerce un peu spécialisé. C'est un des rares secteurs où le public est vraiment conscient du poinçonnage et de l'importance de l'absence de tout poinçon, plus que pour d'autres produits. Même une personne non initiée qui va dans une bijouterie connaît l'existence des carats et des méthodes de contrôle des manufacturiers.



[Texte]

**Mr. Basford:** Yes, this is true. Since this kind of quality marking began in 1908 there has been very wide public knowledge of marking and the desire for a mark. There is suspicion about something that is not marked. This is certainly not true of many other products on the market where the public has no idea of standards or quality and how to judge standards or quality.

**Mr. Gray:** It just occurred to me that this suspicion you mention is something going back hundreds, perhaps thousands, of years. Because of the particular nature in our culture of gold and silver and so on, and the possibility of alloys and what have you, the layman has been very conscious of the possibility that what he is getting might not be what he is told he is getting. As I say, for thousands of years he has been conditioned to look for markings and so on.

**Mr. Basford:** That is right, and of course the things that he is buying are also usually very expensive. I think this fact probably generates a higher standard of care on the part of the purchaser or consumer.

**Mr. Gray:** May I deal with two other points I noted. Exactly who in your Department will be responsible for administering this new act? I do not mean you personally. What is the name of the branch or section?

**Mr. Basford:** The Standards Branch, which it was announced in July would be transferred from Trade and Commerce to Consumer Affairs. This transfer has now been effected, as of November 1. This is a matter which falls within the Standards Branch along with such things as the Weights and Measures Act and so on.

• 1150

The Department has six inspectors in Montreal, Toronto and Vancouver.

**Mr. Gray:** Enforcing the precious metals legislation?

**Mr. Basford:** Yes; they are called precious metals inspectors.

**Mr. Gray:** I gather this is part of the program of the government to centralize in your Department all the work under federal jurisdiction with respect to the setting of standards and the enforcement of the standards.

**Mr. Basford:** That is right.

**Mr. Gray:** It is all being centralized in your Department.

[Interprétation]

**M. Basford:** Depuis que le système a été établi en 1908, l'intérêt du public va croissant et il exige ce poinçonnage. Il se méfie d'ailleurs dans le cas contraire. Et dans le cas de nombreux autres produits, le public n'est pas en mesure de juger les normes de qualité.

**M. Gray:** Ce doute qui persiste remonte à des centaines, des milliers d'années peut-être. En raison de la nature particulière de l'or et de l'argent et en raison des possibilités d'alliage, le non-initié sait fort bien qu'il n'obtient peut-être pas ce qu'on lui dit qu'il obtient. Pendant des milliers d'années, il s'est habitué à rechercher certains signes.

**M. Basford:** C'est juste. Et le fait que cet article qu'il achète est très coûteux habituellement, le porte à être plus prudent.

**M. Gray:** Qui, à votre ministère sera responsable de l'administration de cette nouvelle loi? Non, je ne veux pas dire vous, personnellement, mais enfin, quel service?

**M. Basford:** Le service des normes qui est passé du ministère du Commerce aux Affaires des consommateurs. Ce transfert a été effectué le 1<sup>er</sup> novembre. Cette question relève du service des normes comme, par exemple, la Loi sur les poids et mesures. Le ministère aura six inspecteurs à Montréal, Toronto et Vancouver, pour voir à ce que soient observées les dispositions de la loi.

**M. Gray:** Pour l'inspection des métaux précieux?

**M. Basford:** Oui.

**M. Gray:** Cela fait partie, je crois, du programme visant à centraliser au sein de votre ministère tout le travail qui relève de la compétence du fédéral pour l'établissement de normes et la mise en vigueur de ces normes?

**M. Basford:** C'est exact.

**M. Gray:** Tout est centralisé dans votre ministère.

[Text]

**Mr. Basford:** Yes.

**Mr. Gray:** Has there been or will there be any advertising program on the part of the Department with respect to the concepts enshrined in this proposed act?

**Mr. Basford:** None is contemplated.

**Mr. Gray:** Is this something that has been or may be carried out by the industry association?

**Mr. Basford:** Mr. Lewis, you are familiar with the industry association. I would think that the industry has an interest in seeing that the public understands this and that its members comply with the Act. Mr. Lewis might like to supplement this.

**The Chairman:** Mr. Lewis, would you like to comment?

**Mr. Lewis:** The industry has been a great supporter of this Act from the very beginning and they keep this constantly before their membership—many retailers, wholesalers and manufacturers, as well as importers—by means of write-ups by the general manager of the association in the *Canadian Jeweller*, which is a monthly magazine. Just recently he made a thorough review of the various sections of the Act to constantly remind the retail part of the trade particularly of their protection and of their obligation in the smooth working of this.

**Mr. Gray:** It has occurred to me, Mr. Minister, that as the programs of the department evolve, particularly in this area, you might well want to consider having some type of advertising campaign to bring to the attention of the public not merely the provisions of this Act and what they mean, but also some of the other work which you are doing in the field of standards. One could contemplate separate campaigns for separate areas. You might want to combine some of these things into one general campaign so that the public will become more aware—although I do not think this is as important in this area—of the work in the standards field you have been doing, which will become increasingly more important, and just what this should mean to them.

**Mr. Basford:** I agree. We have an extremely limited advertising budget. I could use much more money than I have. Of course, one of the things with which many people in consumer affairs are concerned with is consumer education. A proper consumer education program supported by an advertising

[Interpretation]

**M. Basford:** Oui.

**M. Gray:** Est-ce qu'il y aura un programme de publicité mis sur pied par votre ministère pour éclairer le public sur le contenu de ce bill?

**M. Basford:** Nous n'en prévoyons aucun.

**M. Gray:** Est-ce que ce ne pourrait pas être la responsabilité de l'industrie?

**M. Basford:** Monsieur Levis est très au courant de cet aspect. J'ai l'impression qu'il est dans l'intérêt de l'industrie de voir à ce que le public comprenne tous ces règlements et de voir à ce que ses membres s'en tiennent aux dispositions de la loi. M. Lewis veut peut-être en dire plus long à ce sujet.

**Le président:** Monsieur Lewis, est-ce que vous aimeriez faire un commentaire?

**M. Lewis:** L'industrie a toujours appuyé les dispositions de cette loi, dès le début d'ailleurs, et elle le rappelle constamment à ses membres, plusieurs détaillants, grossistes et fabricants, ainsi que des importateurs au moyen d'articles par le directeur général de l'association, dans le *Canadian Jeweller*, qui est une revue mensuelle. Tout récemment, il a fait une étude approfondie des dispositions de la Loi pour rappeler aux détaillants, entre autres, la protection qui leur est ainsi assurée, de même que leurs obligations concernant son application sans à-coups.

**M. Gray:** Il me semble, monsieur le ministre, qu'au fur et à mesure que les programmes du ministère sont mis au point, surtout dans ce secteur, vous pourriez très bien songer à avoir une campagne de publicité pour signaler à l'attention du public, non pas simplement les dispositions de cette loi et ce que cela signifie, mais aussi le travail que vous faites pour l'établissement de normes. Est-ce que vous envisagez différentes campagnes de publicité pour des secteurs donnés ou une réclame d'ensemble? Je pense que c'est important que le public devienne conscient, bien que je ne croie pas que ce soit aussi important dans ce domaine, du travail que vous faites au sujet des normes. Ce serait d'autant plus important de leur signaler ce que cela signifie pour eux.

**M. Basford:** D'accord. Nous avons un budget de réclame plutôt limité. Je pourrais utiliser beaucoup plus d'argent. Ce qui concerne bon nombre de personnes qui s'intéressent aux affaires des consommateurs, c'est l'éducation que l'on peut faire auprès des consommateurs. Il faut avoir un programme approprié



## [Texte]

budget is an expensive operation. We are doing, within our financial limitations, as much consumer education as we can. We have plans to do more in terms of priority between the different things we feel the consumer should be educated about. This one has a lower priority partly because it is accepted by the public and generally understood by the public, which is not the case in some other areas.

For example, we are going to be instituting a textile labelling and fabric care program which is only going to be successful if it is supported by a public information campaign. I think this would have greater priority over spending money on advertising the provisions of the Precious Metals Marking Act.

**Mr. Gray:** That is why I suggested that if you carry out this program of consumer education through advertising that the part we are looking at today might be part of a broader program. Thank you very much, Mr. Chairman.

**The Chairman:** Mr. Lambert, followed by Mr. Gillespie.

**Mr. Lambert (Edmonton West):** I must say there is still confusion, Mr. Minister. In the right-hand column, on page 25 of the Senate report Senator Benidickson asked you, on behalf of one of his colleagues, about the question of jurisdiction under the British North America Act. Your answer was as follows:

Our position is that it is founded on the criminal jurisdiction of the federal Government, an act to prevent deception and fraud in the sale of precious metals.

Certainly I agree that you are covering it in the case where the articles will be marked and you wish to prevent deception and fraud. If you assume jurisdiction on that basis, and in so doing you also control the importation of articles—that they must meet certain standards if they are marked—I find it extremely difficult to understand why you cannot extend that principle to the requirement of a mark on all articles which are imported and on all articles which are sold as containing precious metals if you want your minimum standards.

## [Interprétation]

appuyé par un budget publicitaire. C'est là quelque chose de très coûteux. Nous faisons suivant nos possibilités financières toute campagne d'éducation que nous pouvons faire. Nous avons l'intention d'en faire plus en termes de priorités concernant les différents éléments au sujet desquels le consommateur devrait être mieux renseigné. C'est une priorité inférieure, disons, surtout en ce sens du fait que le public en est saisi déjà et comprend ce point.

Par exemple, nous allons initier un système d'étiquetage des textiles et un programme de soins des tissus. Il réussira en autant que nous ayons en même temps une campagne de renseignements auprès du public. Et cela aura plus de priorité disons que la réclame que nous pourrions faire à la Loi sur le poinçonnage des métaux précieux.

**M. Gray:** C'est pourquoi j'ai suggéré que si vous mettez en œuvre ce programme d'éducation par la réclame auprès du consommateur, la partie que nous examinons aujourd'hui pourrait faire partie d'un programme plus étendu. Merci beaucoup, monsieur le président.

**Le président:** Monsieur Lambert, ensuite monsieur Gillespie.

**M. Lambert (Edmonton-Ouest):** Je dois ajouter qu'il y a toujours un peu de confusion, monsieur le ministre. A la page 25 du rapport du sénat, colonne de droite, le sénateur Benidickson vous a demandé, au nom d'un de ses collègues, une question concernant la compétence en vertu de l'Acte de l'Amérique du Nord britannique, la réponse fut la suivante:

Notre ligne de conduite est que nous trouvons que cela relève de la compétence au criminel du gouvernement fédéral, une loi pour empêcher la déception et la fraude dans la vente des métaux précieux.

J'en conviens que vous l'incluez dans le cas où les articles seront poinçonnés, et vous voulez empêcher la déception et la fraude. Si vous assumez votre compétence en vous fondant là-dessus, alors vous contrôlez aussi l'importation des articles qui doivent répondre à certaines normes s'ils sont ainsi poinçonnés. Alors, j'éprouve beaucoup de difficulté à voir pourquoi vous n'incluez pas ce principe, n'appliquez pas ce principe quant aux exigences du poinçonnage de tous les articles qui sont importés, pour tous les articles qui sont vendus comme contenant des métaux précieux, disons suivant les normes minimales que vous demandez.

[Text]

With the greatest respect, I cannot see the distinction that if you have a mark on it you are under the Act but if there is no mark, then jurisdiction seems to be somewhere else, which is not too well defined. In my opinion there is a gap in that logic.

**Mr. Danson:** May I ask a supplementary question, Mr. Chairman.

**The Chairman:** Yes.

**Mr. Danson:** This brings up a further problem. I think it is the custom at the present time with British hallmark jewellery and silver that it has a mark on it. It is not our mark. What happens to it under this type of legislation?

**Mr. Basford:** The British hallmark is recognized. We have to take the advice of the Department of Justice in these matters. Twenty-nine ministers do not have their own interpretation of the Constitution. I received advice that we should not establish, in the terms that you are suggesting, a totally mandatory program. In conservative protection of the consumer I think we have had a large measure of success with this voluntary program. I can only take the advice of the Department of Justice as to how far we should go in any particular piece of legislation.

**Mr. Lambert (Edmonton West):** With the growth of certain types of marketing operations—and I do not want to reflect on the honesty of these people in any way at all—I can see, shall we say, with just that type of souvenir being sold to tourists, that operators could make offshore purchases of silverware, or what have you, in some market of the world and bring them in unmarked. There is nothing to prohibit that. They could then be sold merely as silverware and they could make whatever representations they want verbally. They are then caught by the Criminal Code, or something else, but suppose an American businessman is flying back from Canada and he goes into a dutyfree shop and buys a so-called silver platter or fruit bowl, or something like that. On arriving home he discovers its value is less than he thought it was. Is he going to come all the way back and institute proceedings, and so forth? This is what bothers me. There is too much opportunity here for a little bit of fast work. I am looking at the reputation of our shops; that the people who buy things in Canada get the goods which they should get.

[Interpretation]

Sauf votre respect, je ne vois pas la distinction. S'il y a un poinçonnage, la loi s'applique, mais s'il n'y a pas de poinçonnage, la compétence relève alors de quelqu'un d'autre et ce n'est pas trop précisé. A mon avis, il y a un écart qui se présente.

**M. Danson:** Puis-je demander une question supplémentaire, monsieur le président?

**Le président:** Oui.

**M. Danson:** Il y a un autre problème qui se présente. Je crois que c'est la coutume en ce qui concerne les bijoux et l'argenterie britannique contrôlée, de les poinçonner. Ce n'est pas notre poinçon. Qu'est-ce qui arrive en vertu de cette loi?

**M. Basford:** Le poinçon britannique soit reconnu. Il nous faut prendre l'avis du ministère de la Justice à l'égard de ces questions. Les vingt-neuf ministres n'ont pas leur propre interprétation de la constitution. On m'a dit qu'on ne devrait pas établir, selon vos suggestions, un programme entièrement mandataire. Nous avons assez bien réussi avec ce programme fait purement bénévolement et nous devons prendre les avis et les conseils du ministère de la Justice pour savoir jusqu'où nous pouvons aller.

**M. Lambert (Edmonton-Ouest):** Avec la croissance de certaines opérations de commercialisation, et je ne veux pas faire de remarques désobligeantes à l'égard de ces personnes quant à leur honnêteté ou quoi que ce soit, non, mais je peux très bien concevoir, disons, simplement pour ce genre de souvenirs que l'on vend aux touristes, ces opérateurs pourraient fort bien faire des achats à l'extérieur, disons d'argent plaqué, les entrer non poinçonnés. Rien ne l'empêche de les vendre ensuite simplement comme argenterie et de prétendre tout ce qu'ils veulent. Ils sont alors pris par le Code criminel, ou autre chose, mais supposons un homme d'affaires américain qui revient par avion du Canada et qui va dans une boutique franc de port et achète disons un soi-disant plateau d'argent, plateau ou bol à fruits ou quelque chose du genre. En arrivant à la maison, il découvre que la valeur en est moindre qu'il le croyait. Est-ce qu'il va revenir prendre les dispositions voulues? C'est ce qui m'inquiète. Il y a trop d'opportunités qui se présentent ici pour ce genre d'opérations. Je songe plutôt à la réputation de nos boutiques, à ce que ces personnes qui font des achats au Canada puissent se procurer les marchandises qu'ils devraient obtenir.



*[Texte]*

**Mr. Basford:** I appreciate the problem which you have raised. If a businessman or traveller is passing through quickly he is not going to come back and lay a charge under the Criminal Code. I think the situation would be really quite well covered under the existing Act because even a price tag—I think you mentioned a silver tray—marked at \$100 would be an offence under the Act because it would be an advertisement. A businessman is not going to pay \$100 for a nickel-plated tray, or something.

In the definition section, Mr. Lambert, mark includes:

Any mark, sign, device, imprint, stamp, brand, label, ticket, letter, word or figure;

It would certainly include a price tag.

**Mr. Lambert (Edmonton West):** You say so, but I do not think so. Subject to correction I do not think clause 10 of the Bill which is the penalty clause goes as far as you would suggest, Mr. Minister, because I do not think it is applied to the article and that any tag or something has to be affixed to the article, in the form of a mark.

**Mr. Gray:** What about section 10 (1) (h)?

**Mr. Lambert (Edmonton West):** It says:

...guaranteeing or purporting to guarantee or inducing or tending to induce a belief that the precious metal with which a plated article is plated will wear or last for a period of time...

and that is the use of a mark.

**Mr. Basford:** But a mark also includes a ticket, letter word or figure label.

**Mr. Gray:** Mr. Basford I think a solution to the problem will be found in looking at the definition of "apply" in Clause 2(a). It is the word "apply" that is used in Clause 10 (1) under "Offences and penalty" and while the ordinary use of the word "apply" would, I think, support Mr. Lambert's contention that it means actually putting something on or in the metal, the term "apply" is given a broader definition in the Interpretation section of the Bill.

**The Chairman:** Anything attached to the article?

**Mr. Gray:** Yes.

**Mr. Lambert (Edmonton West):** I think ingenuity can get around this.

*[Interprétation]*

**M. Basford:** Je me rends compte de ce problème qu'on vient de soulever. Si c'est un homme d'affaire ou voyageur qui vient faire des achats en passant, il ne reviendra pas pour porter une accusation en raison du code criminel. Mais je pense que la situation serait vraiment visée par les dispositions de cette loi, parce que même le prix, vous avez parlé, je crois, d'un plateau d'argent marqué à \$100, serait un délit parce que ce serait de la réclame. Un homme d'affaire ne paiera pas \$100 pour un plateau nickelé ou autre chose de la sorte.

Dans la définition, monsieur Lambert, poinçon comprend:

toutes marques, enseigne, deviso, empreinte, marque de commerce, dessin, impression, timbre, étampe, étiquette, etc.

**M. Lambert (Edmonton-Ouest):** C'est vous qui le dites, mais je ne pense pas que cela soit juste. Corrigez-moi si je me trompe, mais je ne pense pas que l'article 10 de la Loi, qui porte sur les sanctions, va aussi loin que vous le dites, monsieur le ministre. Je ne crois pas que cela s'applique du tout. Et on ne doit pas nécessairement fixer une étiquette à l'article, sous forme de marque.

**M. Gray:** Et l'article 10(1)h)?

**M. Lambert (Edmonton-Ouest):** Voici l'article:

...garantissant ou présenté comme garantissant, ou faisant croire ou tendant à faire croire, que le métal précieux dont est plaqué un article durera un certain temps, déterminé ou non, ...

Il s'agit bien d'une marque.

**M. Basford:** Une marque peut aussi bien être une étiquette, une lettre, un chiffre.

**M. Gray:** Il vaudrait mieux voir la définition de «appliquer» à l'article 2 a). C'est le terme «appliquer» qu'on emploie à l'article 10(1). «Infractions et peine» et même si le sens courant de ce verbe vient à l'appui de l'affirmation de M. Lambert, le terme «appliquer» veut dire plus que simplement insérer quelque chose dans l'article en métal, du moins d'après la section «Interprétation» du bill.

**Le président:** Quelque chose qu'on attache à l'article?

**M. Gray:** Oui.

**M. Lambert (Edmonton-Ouest):** Il faut être ingénieux.

[Text]

**The Chairman:** Is that not possible for every law, or most of the laws?

**Mr. Gray:** Somebody once said that the Parliament of Great Britain could make a male a female or vice versa, so I guess the Parliament of Canada can make the word "apply" extend further than what is ordinarily considered to be its meaning.

**The Chairman:** Are you through, Mr. Lambert? You are not satisfied, but are you through?

**Mr. Lambert (Edmonton West):** I am most "dubitante" if you want to use such an expression.

**The Chairman:** Mr. Gillespie?

**Mr. Gillespie:** Mr. Chairman, I wanted to ask the Minister questions dealing with the international aspects of this. For instance, what sort of regulations of a comparable nature are there in the United States, in some of the countries of origin—countries from which we import jewellery—and countries to which we would like to export our jewellery?

**Mr. Basford:** May I ask Mr. Lewis to answer that?

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**Mr. Lewis:** As far as the United States is concerned, they have had an inactive precious metals marking act equivalent. Most of the marking has been under the guidance of commercial standards. These do not have the same effect in law as the unused Precious Metals Marking Act. There is nothing comparable in the States at the present time, I would say, other than commercial standards.

As far as Britain is concerned, British hall-marking, of course, is accepted here in lieu of a trademark. There are many countries in Europe, particularly Switzerland, that have a system very similar to the British hall-marking, and where the mark is applied by the government we again recognize these marks for goods coming into Canada.

Naturally anyone shipping to these countries will have to comply with the British hall-marking requirements or the assay office, or probably to the Swiss or comply with the French method of marking, whatever requirements they may have for their imported goods.

**Mr. Gillespie:** Does this mean, then, that Canadian manufacturers of jewellery who would like to export to these particular markets are at a disadvantage vis-à-vis the manufacturer of the same or similar items in those particular countries exporting to Canada?

[Interpretation]

**Le président:** N'est-ce pas possible pour toutes les lois, ou la plupart?

**M. Gray:** On a déjà dit que le parlement de Grande-Bretagne pouvait transformer un homme en femme et vice versa, alors, je crois que le parlement du Canada peut donner au verbe «appliquer» une signification, une interprétation plus large.

**Le président:** Avez-vous fini, monsieur Lambert? Je sais que vous n'êtes pas satisfait, mais est-ce que vous avez terminé?

**M. Lambert (Edmonton-Ouest):** Je suis encore dans le doute.

**Le président:** Monsieur Gillespie.

**M. Gillespie:** Monsieur le président, je voudrais poser une question au ministre au sujet de l'aspect international de cette affaire. Quel genre de règlements comparables y a-t-il aux États-Unis, dans certains des pays d'origine d'où on importe des bijoux, et dans les pays où nous aimerions exporter nos bijoux?

**M. Basford:** Puis-je demander à M. Lewis de répondre à cette question.

**M. Lewis:** Quant aux États-Unis, ils ont une loi inactive au sujet du poinçonnage des articles contenant des métaux précieux. Le poinçonnage se fait d'après des directives commerciales, mais n'ont pas le même effet que la loi inappliquée, inutilisée ou inactive, sur le poinçonnage des métaux précieux. Il n'y a rien de comparable aux États-Unis en ce moment.

Pour ce qui est de la Grande-Bretagne, le mode de contrôle anglais est accepté ici. Il y a beaucoup de pays d'Europe, en particulier la Suisse, qui ont un système semblable à celui qui existe en Grande-Bretagne. Lorsque ces marques sont imposées par le gouvernement, nous les reconnaissons et, naturellement, les personnes qui veulent exporter dans ces pays doivent se conformer aux règlements britanniques ou suisses, selon le cas. Ils doivent aussi se comporter aux conditions imposées en France.

**M. Gillespie:** Est-ce que cela veut dire que les fabricants de bijoux canadiens qui aimeraient exporter dans ces pays sont désavantagés par rapport aux fabricants de ces pays qui exportent vers le Canada?



[Texte]

**Mr. Lewis:** In some cases, yes. They may have to go through a little more difficulty than, say, the British firm that is shipping to Canada. If they are shipping hallmarked articles they have no problem. On the other hand, all articles from Britain are not hallmarked so if they ship a quality marked item to Canada that is not hallmarked, that particular British firm is going to have as much difficulty as the Canadian who is trying to ship to Great Britain.

**Mr. Gillespie:** I do not understand that. I thought that we could. . .

**Mr. Basford:** I think Mr. Gillespie's question really is, if a Canadian manufacturer marks in accordance with this Act, what would happen in Britain?

**Mr. Gillespie:** That is correct.

**Mr. Lewis:** He would have to, I believe, for goods that are subject to mandatory hall-marking and not all of them are, but for those that are he would have to go through the British hallmarking system.

**Mr. Gillespie:** Would he have to do something similar in France to meet French regulations?

**Mr. Lewis:** I believe so, yes.

**Mr. Gillespie:** And Switzerland?

**Mr. Lewis:** Yes.

**Mr. Gillespie:** Is this not really a form of non-tariff protection directed by these countries to protect their own producers?

**Mr. Lewis:** That may be the effect today. A British hallmark may go back to A.D. 1300 and the Swiss one has been in operation for several hundreds of years, but this may be the present day effect.

**Mr. Gillespie:** What about Mexico? What are their rules with respect to marketing their silver?

**Mr. Lewis:** They can be exported without any government control of marking, in which case they would have problems coming into Canada unless they had a trademark on them which was registered in Canada and the quality of silver was up to the Sterling standard. There is a system whereby they may submit these articles for testing and on payment of a duty fee they are entitled to have the national mark of Mexico applied to the articles. This then would be recognized on Canadian ship-

[Interprétation]

**M. Lewis:** Dans certains cas, oui. Ils ont plus de difficultés, disons, que les compagnies anglaises qui exportent au Canada. S'ils exportent des produits poinçonnés, il n'y a pas de problème. Mais les produits fabriqués en Grande-Bretagne ne sont pas tous poinçonnés. La Grande-Bretagne fabrique aussi des articles qui ne portent pas de marque et ces fabricants éprouvent les mêmes difficultés que nos fabricants éprouveraient dans le même cas.

**M. Gillespie:** Je ne comprends pas cela. Je croyais que nous. . .

**M. Basford:** Je crois que M. Gillespie veut savoir ce qui arriverait, en Grande-Bretagne, si un fabricant canadien utilisait une marque conforme à cette loi.

**M. Gillespie:** En effet.

**M. Lewis:** Les fabricants canadiens qui exportent en Grande-Bretagne doivent se conformer aux règlements britanniques.

**M. Gillespie:** Doivent-ils faire la même chose en France?

**M. Lewis:** Je crois que oui.

**M. Gillespie:** Et en Suisse?

**M. Lewis:** Oui.

**M. Gillespie:** Par conséquent, est-ce que ce n'est pas une forme de protection non-tarifaire érigée par ces pays pour protéger leurs propres fabricants?

**M. Lewis:** C'est peut-être le cas aujourd'hui. Une marque de contrôle anglaise peut remonter à l'an 1300 de notre ère, et une marque suisse à plusieurs centaines d'années, mais c'est peut-être l'effet que cela a aujourd'hui.

**M. Gillespie:** Que dire des produits mexicains? Quels sont leurs règlements en ce qui concerne le poinçonnage de l'argent?

**M. Lewis:** Ces produits peuvent être exportés sans contrôle gouvernemental du poinçonnage, mais on éprouvera des difficultés à les exporter au Canada, à moins que la marque soit enregistrée au Canada. Il y a un système par lequel ils peuvent soumettre ces articles à l'essayage, et sur paiement des droits de douane, ils ont le droit d'appliquer la marque «fabriqué au Mexique»—ce qui est accepté au lieu d'une marque de commerce. Ils doivent se soumettre à cette procédure, mais ils ne le

[Text]

ments in lieu of a trademark. They would have to go through this form that they do not normally go through for their own market, if I understand their system correctly.

**Mr. Gillespie:** I am slightly confused. I understood you to say that if they were not marked at all they would not be admitted into Canada. Is this correct?

**Mr. Lewis:** If they were quality marked, but—

**Mr. Gillespie:** Meaning...

**Mr. Lewis:** ...did not bear either the government mark of Mexico or a trademark that is registered in Canada, then they would have problems.

**Mr. Gillespie:** Right. Suppose you just had Mexican silver?

**Mr. Lewis:** This would be prohibited.

**Mr. Gillespie:** Therefore, if a storekeeper in Canada were to use a sign or card marked "Mexican Silver" without a supporting quality mark on that silver, he would be committing an illegal act. Is that correct?

• 1210

**Mr. Lewis:** That is correct. A person putting up such a sign would be committing a violation of the Act.

**Mr. Gillespie:** Are there opportunities for Canadian importers, for instance, to purchase silver from foreign sources where the marking requirements are perhaps not quite as stringent as they might be in Canada and then bring them in, perhaps partially fabricated with these marks, complete the fabrication in Canada and sell them as articles of foreign manufacture against the rules which applied at the point of origin?

**Mr. Lewis:** These were brought in with quality marks applied at the time of importation?

**Mr. Gillespie:** Yes; the quality of marks which would be less stringent than those that we might impose.

**Mr. Lewis:** Regardless of whether the product was completely finished or not, if it had a quality mark on it it would also have to have either the government's stake mark on it or a trademark that is registered in Canada. If it were not a government marked item or lacked a trademark, we would certainly want to have an assay of that item to see that it goes up to the nine hundred and twenty-five thousandths standard that Canada has and

[Interpretation]

font pas pour leur propre marché, si j'ai bien compris leur système.

**M. Gillespie:** Si j'ai bien compris, vous avez dit que si ces produits n'étaient pas poinçonnés du tout, on ne les admettrait pas au Canada?

**M. Lewis:** S'ils portaient la marque de qualité...

**M. Gillespie:** Ce qui veut dire...

**M. Lewis:** ... mais non la marque du gouvernement mexicain ou une marque enregistrée au Canada, alors on aurait des difficultés à les importer.

**M. Gillespie:** Et pour l'argent mexicain?

**M. Lewis:** Cela serait prohibé.

**M. Gillespie:** Donc, qui mettrait dans sa vitrine une pancarte disant qu'il vend des produits en argent mexicain non-poinçonnés commettrait une infraction à la loi?

**M. Lewis:** C'est juste.

**M. Gillespie:** Est-ce que les importateurs canadiens peuvent acheter de l'argent, de l'argenterie, dans les pays étrangers où les règlements ne sont pas aussi sévères qu'au Canada, les importer partiellement fabriqués, finir la transformation au Canada et les vendre comme produits canadiens?

**M. Lewis:** Vous parlez de produits poinçonnés?

**M. Gillespie:** Dans des pays où les règlements sont moins sévères qu'ici?

**M. Lewis:** Que le produit soit fini ou non, s'il porte une marque de commerce il doit porter aussi la marque du pays d'origine ou une marque de commerce déposée au Canada. S'il ne s'agit pas d'une marque de commerce officielle, il faudrait faire tester ce produit pour voir s'il se conforme à la norme canadienne de .925 et non pas seulement à celle de .80 ou de .800.



## [Texte]

was not merely 80 per cent or .800 as they have in some European countries.

**The Chairman:** Gentlemen, are there any further general questions on this bill before we proceed to clause-by-clause consideration?

Clauses 2 to 7 inclusive agreed to.

On Clause 8—*Identification certificate*

**Mr. Lamberi (Edmonton West):** I have a question on clause 8(4), relative to false statements. I put it to you, Mr. Chairman, that here we have an absolute offence. It states: "No person shall make a false—statement either orally or in writing—" I suggest that this has to be "No person shall knowingly make a false statement." Quite conceivably a statement could be made in honest error and the person would be guilty of the offence. I doubt that we could impose that standard of compliance in this act.

**Mr. Basford:** I am told that this is a standard clause in this type of inspection procedure.

**Mr. Lamberi (Edmonton West):** Suppose an inspector sends a written request for information to a person involved in the sale of these goods. That person, in good faith, makes his return but by error it contains false information. This section imposes upon him a contravention. I do not agree that there should be this absolute liability. If the statement is made to mislead, I agree, and that is why I would insert: "No person shall knowingly make a false or misleading statement."

**Mr. Lewis:** You would then have to prove that this was knowingly done, would you not?

**Mr. Lamberi (Edmonton West):** Oh, of course; but I do not see that the burden should be on the person either.

**Mr. Basford:** I see your point, Mr. Lambert. The problem in making an amendment to that effect is, of course, that it has to go back to the Senate. As I say if you had the advice of those in the Department of Justice who draw the inspection sections you would find this to be a fairly common offence in all of the inspection sections under the various acts.

## [Interprétation]

**Le président:** Est-ce que vous avez d'autres questions d'ordre général sur ce bill avant de procéder à une étude article par article?

(Les articles 2 à 7 inclusivement sont adoptés.)

L'article 8—*Certificat d'identification.*

**M. Lamberi (Edmonton-Ouest):** Article 8, alinéa 4), au sujet des fausses déclarations. A votre avis, monsieur le président, est-ce qu'il s'agit d'une infraction absolue. On dit:

(4) Nul ne doit faire de déclaration fausse ou trompeuse, soit oralement soit par écrit...

Je pense qu'il faudrait dire: «nul ne doit faire sciemment une déclaration fausse», car il peut s'agir d'une erreur tout à fait innocente, et la personne serait coupable d'une infraction. Je doute que nous puissions être aussi exigeants ici.

**M. Basford:** On me dit que c'est une disposition habituelle dans la procédure d'inspection.

**M. Lamberi (Edmonton-Ouest):** Supposons qu'un inspecteur fasse une demande écrite de renseignements auprès d'une personne qui vend ces produits, et que cette personne, de bonne foi, fait une déclaration qui renferme, par erreur, des renseignements faux. Selon cet article elle est coupable d'une infraction. Si la déclaration est rédigée de façon à induire en erreur, je suis d'accord. Et c'est pour cela que j'ajouterais:

Nul ne doit «sciemment» faire de déclaration fausse ou trompeuse...

**M. Lewis:** Par conséquent, il faudrait prouver que la déclaration n'a pas été faite sciemment.

**M. Lamberi:** Certainement. Je ne pense pas que le fardeau de la preuve doive retomber sur le citoyen.

**M. Basford:** Je comprends ce que vous voulez dire, monsieur Lambert. Mais la difficulté, c'est qu'il faudrait renvoyer le bill au Sénat pour faire cette modification. Je pense que si vous obtenez l'opinion du ministère de la Justice qui a rédigé la section sur l'inspection, vous constaterez qu'il s'agit d'une infraction courante dans les sections sur l'inspection de plusieurs lois. Si le Comité veut avoir l'opinion du ministère de la Justice, ou proposer cet amendement au moment de la troisième lecture, je consentirais à consulter le ministère de la Justice à ce sujet.

[Text]

[Interpretation]

• 1215

If the Committee would like to hear from the Department of Justice, or suggest this change in its report at third reading, I would be happy to seek further advice from the Department of Justice on this point.

**Mr. Blair:** Mr. Chairman, I respectfully submit that this is a problem which ought not to arise in practice and that we should be very careful about admitting the proposition which Mr. Lambert has advanced.

A statement is either true or false. When we are dealing with the matter it adds very little to the legal significance of the statement whether it is made knowingly or not.

When is a false statement made knowingly? As I understand the jurisprudence, if the law prescribes that a false statement creates an offence proof has to be offered that the statement is false. This by its very nature connotes the mental element that Mr. Lambert is talking about—the *mens rea*. People cannot make false statements without realizing that they are false, or, as Mr. Lambert well knows, being in a position where they should know they are false, particularly when it is a matter such as this which affects the business interests of the persons involved.

In other words, with all respect to my friend, Mr. Lambert, I think we indulge in the pursuit of phantoms in considering the insertion of the word “knowingly” in this clause. I think it would be contrary to the interests of the public to require it to be inserted.

**Mr. Gray:** Mr. Chairman, may I make a suggestion on how we should deal with this? The point raised by Mr. Lambert is a serious one. At the same time, we are dealing with a Senate bill and one cannot but be conscious of the procedural problems that would arise if the bill had to go back there.

I suggest that the Committee adopt the clause and in return the Minister may be willing to undertake to look into the matter and to seek advice from the Department of Justice.

If he agrees with the point raised by Mr. Lambert it is very easy for him under the new rules to place an amendment on the order paper and amend the act at report stage and third reading.

If, however, after seeking advice he feels that the wording is correct then he can give an explanation when the bill is again before the House.

If it were not for the problem of this being a Senate bill one might consider amending it here, and, if necessary, restoring the original

**M. Blair:** Je pense en toute déférence que c'est un problème qui ne doit pas se poser en pratique, et que nous devrions nous farder de présenter la proposition de M. Lambert. Une déclaration est soit fausse ou erronée. Lorsque nous sommes pris avec un tel problème, qu'elle soit fait sciemment ou non, cela n'ajoute rien à la valeur juridique de la déclaration. Quand une déclaration fausse est-elle faite sciemment? Si j'ai bien compris la jurisprudence, lorsqu'une loi stipule qu'une déclaration fausse constitue une offense, il faut prouver que la déclaration est fausse et cela comprend l'élément mental dont parle M. Lambert. Une personne ne fait pas une fausse déclaration sans savoir qu'elle est fausse ou, comme le dit M. Lambert, sans être en position de savoir qu'elle est fausse, surtout lorsque ses intérêts commerciaux sont en cause.

Et en toute déférence, Monsieur Lambert, je crois que nous nous amusons à poursuivre des fantômes si nous voulons insérer le mot «sciemment» dans cette disposition. Il ne serait pas dans l'intérêt du public d'exiger que ce mot soit inséré dans la disposition.

**M. Gray:** Je voudrais faire une proposition sur la façon de résoudre ce problème. Je crois que la question soulevée par M. Lambert est grave et, puisque nous avons affaire à un bill du Sénat, on ne peut pas s'empêcher de penser au problème de procédure que comporterait un renvoi de ce bill au Sénat. Je propose que l'on adopte la disposition, si le ministre est prêt à étudier ce problème et demander l'avis du ministère de la Justice.

S'il tombe d'accord avec M. Lambert sur le point en cause il serait facile pour lui, d'après les nouveaux règlements, de porter cette modification à l'ordre du Jour et de modifier la loi lorsque nous ferons rapport et au moment de la troisième lecture.

Si, par contre, le ministre de la Justice lui fait savoir que l'on aurait tort de faire cette modification, il pourrait donner une explication à la Chambre. S'il ne s'agissait pas d'un bill du Sénat nous pourrions peut-être l'amender, et revenir à la formule initiale, au besoin, au moment de la troisième lecture,



## [Texte]

wording after seeking advice at the report stage and third reading.

However, I make my proposal to give the Minister the opportunity to look into the matter without the necessity of going through the formalities, about which I am not too happy, of sending this Bill back to the Senate.

**Mr. Lambert (Edmonton West):** There is the problem under the new rules that unless notice of an amendment is given, either by the Minister or by someone else, there is no opportunity of debating it at report stage. Under no circumstances can it be raised again at the report stage. Once the report has been adopted there is no other course open to, say, myself at third reading but to move that the Bill be not read a third time but be recommended to this Committee for the amendment of this clause. I suggest to you that that procedure would be even worse than the other.

**Mr. Gray:** Perhaps Mr. Blair can help us. I think one of two things can be done. Notice of an amendment has to be given 24 hours before the report stage.

I am sure the Minister would be most willing to seek further advice on the point raised by Mr. Lambert, because it is a serious one which deserves some consideration.

On receipt of the advice he could undertake to the Committee either that he would put an amendment on the order paper himself or inform Mr. Lambert that he did not propose to do so, leaving it open to Mr. Lambert, or any other member of the Committee, to put the amendment on the order paper in the time period allowed.

• 1220

Ordinarily, I would suggest that we consider having an amendment made and voted on in the Committee, but Mr. Basford has raised the point about sending it back to the Senate and conferences back and forth, which would just slow down the proceedings.

**Mr. Lambert (Edmonton West):** I grant you that, but even if the House were to agree that the point I have been making is a proper one it will still have to go back.

I suggest to Mr. Gray, through you, Mr. Chairman, that the House must never adopt the principle that legislation which is badly or improperly worded shall not be corrected because it would necessitate having to send the bill back to the Senate.

**Mr. Gray:** Perhaps we should send...

## [Interprétation]

après avoir pris l'avis du ministère. Je propose cependant qu'on laisse au ministre la chance d'étudier la question sans passer par toute la procédure, assez compliquée, du renvoi du bill au Sénat.

**M. Lambert:** Il y a un problème d'après le nouveau règlement. A moins que le ministre ou une autre personne donne avis d'une modification, il n'est pas possible d'en discuter au moment du rapport à la Chambre. Le rapport ayant été adopté, la seule chose à faire c'est de renvoyer le bill au Comité pour modifier la disposition avant de procéder à la troisième lecture. Et cette procédure serait, à mon avis, pire que la première.

**M. Gray:** M. Blair pourrait peut-être nous aider. Il y a deux choses que nous pourrions faire. Il faut donner avis de cet amendement 24 heures avant le rapport à la Chambre. Je suis certain que le ministre serait tout à fait prêt à demander l'opinion du ministère de la Justice sur ce point, car il s'agit d'un point sérieux qui mérite considération. Il pourrait ensuite soit proposer une modification lui-même à l'ordre du Jour ou informer M. Lambert, qu'il n'a pas l'intention de le faire, ce qui permettrait à M. Lambert ou un autre membre du Comité, de le faire dans la période de temps prescrite.

D'ordinaire, je proposerais que nous adoptions la modification au Comité, mais M. Basford a fait remarquer que si nous retournions le bill au Sénat, les procédures seraient retardées considérablement.

**M. Lambert (Edmonton-ouest):** D'accord, mais même si la Chambre s'accorde à me donner raison, il devra quand même retourner au Sénat. Je voudrais faire remarquer à M. Gray, en votre nom, monsieur le président, que la Chambre ne devrait pas adopter le principe qu'une mesure qui est mal rédigée ne peut pas être corrigée parce qu'il faudrait la renvoyer au Sénat.

**M. Gray:** Nous devrions peut-être...

[Text]

**Mr. Lambert (Edmonton West):** And they the same with us, if they find that we have perhaps slipped up. If you look at the proceedings of the Banking and Commerce Committee over in the Senate, there is not an awful lot...

**Le président:** Je partage votre opinion, monsieur Lambert. Si un Comité ou la Chambre des communes croit que la loi, même si elle a été adoptée par le Sénat, devrait être modifiée, rien ne nous empêche de le faire. Je l'admets entièrement.

Est-ce que je peux me permettre de vous poser une question, monsieur Lambert? Vous dites: si seulement la personne sait qu'elle fait une fausse déclaration. Est-ce que, quand elle a fait cette déclaration, elle ne le sait pas?

**M. Lambert (Edmonton-Ouest):** Non, c'est bien simple, monsieur le président. On peut bien avoir reçu un mauvais renseignement ou avoir une mauvaise impression. Et ceci indique que nul ne doit faire de déclaration fausse. Et s'il y a erreur, qu'elle soit innocente ou non, c'est une déclaration fausse. Je ne veux pas punir la personne qui est innocente.

**Mr. Gray:** Mr. Chairman, I agree with what Mr. Lambert said about the necessity of clearing up poorly drafted legislation without regard to whether or not it ultimately means extra work. All I am trying to do is to suggest a rather different approach by which the procedure might be simplified under the circumstances. What I had in mind was that Mr. Basford would undertake to look into the matter for the Committee seeking advice and before the time limit elapsed for placing amendments he would come to Mr. Lambert and give Mr. Lambert his views. At that time he could say "Yes, I think that what you said has been supported by my legal counsel and I am going to put an amendment on", 24 hours before the report stage. Then it will come before the House and the House will dispose of it. You can speak in favour of it; others may want to speak against it, but it will be disposed of.

If, however, Mr. Basford comes to you, Mr. Lambert, and says, "Well, I am sorry, I have looked into the matter; I sought advice from the Department of Justice and they feel this wording is quite proper and your point is not what you say it is. Then, since it is done before the time limit goes by for putting amendments, you would have the opportunity to put the amendment.

[Interpretation]

**M. Lambert (Edmonton-Ouest):** C'est la même chose pour nous, s'il trouve que nous avons fait une erreur.

**The Chairman:** I agree with you, Mr. Lambert. If a Committee or the House of Commons believes that the Bill, even if it has been adopted by the Senate, ought to be amended, there is no reason why we should not do so. I agree with you entirely.

May I ask you a question, Mr. Lambert? You say: only if a person knowingly makes a false statement. Is that person not aware of this when making the statement?

**Mr. Lambert (Edmonton West):** No, it is very simple, Mr. Chairman. A person can be under a false impression or have received wrong information. This indicates that no person shall make a false statement. If there is an error, whether the person is innocent or not, it is a false statement. I do not wish to punish an innocent party.

**M. Gray:** Monsieur le président, je suis d'accord avec ce qu'a dit M. Lambert, en ce qui concerne la clarification d'un projet de loi mal conçu, même si, à la fin, cela demande un travail supplémentaire.

Tout ce que j'essaie de faire est de suggérer une façon différente au moyen de laquelle la procédure deviendrait plus simple en vertu des circonstances. Si M. Basford voulait dire au Comité qu'il va étudier la question et se faire conseiller, avant la limite de temps fixée pour présenter des amendements, il fera part alors de son opinion à M. Lambert.

Il pourra dire alors, «Oui, je pense que ce que vous avez dit est appuyé par mon conseiller juridique et je vais proposer une modification» dans les 24 heures, par conséquent, avant qu'elle soit soumise à la Chambre. Vous pourrez la soutenir, d'autres s'y opposeront peut-être et la Chambre en disposera.

Cependant, si M. Basford vient dire: «Parдон, j'ai examiné la question, j'ai demandé conseil au ministère de la Justice et on a pensé que la terminologie était exacte et que vous n'avez pas raison de soulever ce point». Si alors cela est fait avant l'expiration du délai concernant les amendements, vous auriez l'occasion, la chance de proposer une modification.



[Texte]

**Mr. Lambert (Edmonton West):** That procedure is definitely open, but what I was hoping is that at least members of the Committee would be convinced of what I am trying to do.

**Mr. Blair:** Mr. Chairman, I hesitate to enter the discussion again but I have already advanced the view that when a person makes a statement on a matter of fact which is vital to his business interest there is a presumption which I think is irrebuttable that a *mens rea*, a mental element, accompanies his statement. On the other hand, I think also we should take account of what we are doing here. We are trying to reverse the ancient rule of *caveat emptor*, let the buyer beware.

This is a statute which pre-eminently is being enacted for the protection of the public in commercial transactions. I do not feel any particular obligation to the businessmen who are answering questions under inspection on a matter of this kind pertaining to the veracity of representations about precious metals. I do not think the public interest is going to be served by permitting too many loopholes or too many escape hatches for them.

I think with this kind of law they will be under a strict obligation to be aware of what they are doing, to inform themselves properly about the merchandise they are distributing and this is really what we are seeking to accomplish by the legislation.

• 1225

**Mr. Basford:** The people this is going to apply to will be the retailer and the manufacturer in the course of an inspection by an inspector. I cannot conceive the retailer or the manufacturer not knowing their operations. If the manufacturer, for example, is able to plead that he did not know something was not silver, I think it becomes extremely difficult for the inspector to perform his duties properly if that defence is open. Surely the manufacturer must have placed on him the obligation of knowing what he is manufacturing and what is going on in his plant.

**Mr. Gray:** I just wanted to say, Mr. Chairman, that I again propose that if necessary we vote on this clause and the Minister may want to take into account the suggestion I made for further consideration of the matter which, if handled the way I propose, would leave it open to Mr. Lambert to have a chance to place an amendment under the new rules.

**The Chairman:** I do not think Mr. Lambert will need our O.K. to place an amendment.

[Interprétation]

**M. Lambert (Edmonton-Ouest):** C'est une porte de sortie bien sûr, mais tout ce que je veux, c'est en fin de compte, convaincre les membres de ce Comité de ce que je veux faire.

**M. Blair:** Monsieur le président, j'hésite à entrer de nouveau dans le débat, mais j'ai déjà dit mon opinion, lorsqu'une personne fait une déclaration sur un fait qui affecte vitalelement ses intérêts commerciaux, il y a une présomption, qui je pense, est indiscutable que l'élément mental du délit accompagne la déclaration. D'autre part, je pense aussi que nous devrions tenir compte de ce que nous faisons ici, réaliser ce que nous faisons ici. Nous voulons renverser la vieille règle qui veut que l'acheteur se méfie.

Cette loi vise à protéger la population dans les transactions commerciales. Pour ma part, je n'y trouve aucun sentiment d'obligation envers les hommes d'affaires qui lorsqu'ils répondent à des questions sur les instructions au sujet de la teneur en métal précieux. Je ne pense pas que l'intérêt public sera bien desservi en permettant trop de portes de sortie. Avec ce genre de loi, je pense que ces gens-là seront sous la stricte obligation de savoir ce qu'ils font, de se renseigner au sujet de la marchandise qu'ils vendent et c'est exactement ce que nous voulons accomplir au moyen de ce projet de loi.

**M. Basford:** Les personnes auxquelles cette loi s'appliquera sont les détaillants et les fabricants, lors d'une visite faite par un inspecteur. Je ne peux pas comprendre comment le détaillant ou le fabricant ne soit pas au courant de leurs opérations. Et si, par exemple, le fabricant peut plaider en prétendant qu'il n'était pas au courant, qu'un objet n'était pas en argent, je pense qu'il devient très difficile pour l'inspecteur d'accomplir ses fonctions, si on laisse une telle porte de sortie.

Le fabricant a l'obligation, doit certainement avoir l'obligation de savoir ce qu'il fabrique, ce qui se passe dans son usine.

**M. Gray:** Monsieur le président, je veux simplement dire que je propose encore une fois que, si nécessaire, nous tenions un vote envers cet article et que le ministre pourrait éventuellement tenir compte des propositions que j'ai faites aux fins de reconsidérer la question, et que nous laisserions à M. Lambert l'opportunité de proposer une modification en vertu du nouveau Règlement.

**Le président:** Je ne pense pas que M. Lambert ait besoin de notre approbation pour le faire.

[Text]

**Mr. Gray:** He does not need an O.K. but the Minister, after further study, may modify his view or he may not.

**Mr. Lambert (Edmonton West):** I am quite prepared . .

**Mr. Basford:** I would like it carried as it is. It is conceivable that this is a drafting error and that the Department of Justice will have no objection to or observation on putting "knowingly" in; I do not know.

**Mr. Gray:** I really did not say this before, but we have the Special Drawing Rights bill which is no less major than this bill and is much more complicated, and this might enable us to dispose of Bill S-4 after reasonable study and return when necessary to the SDR bill.

**Mr. Haidasz:** Could the Minister assure the committee that he will make sure this particular subsection of clause 8 will be explained more fully in the regulations, interpreting the . .

**The Chairman:** Mr. Lambert?

**Mr. Lambert (Edmonton West):** I think what has been suggested by Mr. Gray is quite satisfactory.

**Le président:** Monsieur Noël?

**M. Noël:** Je crois, monsieur le président, que toute cette Loi a été établie pour protéger le client éventuel et pour donner au vendeur et au manufacturier, l'occasion d'indiquer la qualité de son produit.

• 1230

Alors, je crois, comme disait M. Blair, que dans le commerce il faut toujours penser que celui qui achète doit se méfier, surtout quand il s'agit de métaux précieux, tout ce qui brille n'est pas or. Alors, on veut indiquer par une marque, contrôlée par le gouvernement, que le produit que l'on vend, contient tel pourcentage d'or en carats ou tel pourcentage d'argent, 125/1000, selon le cas, et ce n'est qu'une protection aussi bien pour le commerçant, qui peut ainsi indiquer que la marchandise qu'il offre est bien reconnue, que pour l'acheteur éventuel, afin qu'il soit sûr de ce qu'il achète.

Contrairement à M. Lambert, je ne crois pas qu'on devrait marquer tous les produits vendus dans les magasins, car alors il faudra inventer des marques pour la tôle et n'importe quel autre produit, sauf les métaux pré-

[Interpretation]

**M. Gray:** Il n'a peut-être pas besoin de notre approbation, mais il est possible qu'après étude, le ministre modifie son point de vue et aurait alors besoin de notre approbation.

**M. Lambert:** Je suis presque prêt.

**M. Basford:** J'aimerais que l'on adopte cette disposition telle quelle. Il est concevable qu'il y ait là une erreur, et que le ministre de la Justice n'aurait pas d'objections à rajouter «en connaissance de cause». Je n'en sais rien.

**M. Gray:** Je n'ai pas prétendu cela auparavant. Mais nous avons un bill sur les droits de tirage spéciaux qui est bien plus compliqué et non moins important que celui-ci. Ceci nous permettrait de disposer du projet de loi S-4 après une étude raisonnable, et de reprendre l'étude de projet de loi concernant les droits de tirage spéciaux.

**M. Haidasz:** Monsieur le président, est-ce que le ministre pourrait dire au Comité, nous assurer que cet alinéa précis de cet article serait expliqué plus en détail dans les règlements? Interprétant . .

**Le président:** M. Lambert?

**M. Lambert (Edmonton-Ouest):** Je pense que la solution proposée par M. Gray, est tout à fait satisfaisante.

**The Chairman:** Mr. Noël?

**Mr. Noël:** Mr. Chairman, I think that this whole legislation was prepared to protect the prospective customer and to give the retailer and the manufacturer a chance of openly showing the quality of his product.

As stated by Mr. Blair, I think that in business we should always remember that the purchaser should be careful, especially in the case of precious metals. All that glitters is not gold. Thus, we want to indicate by a government controlled hall-mark that the product which is being sold contains a given percentage of gold in karats or a given percentage of silver, 925 in a thousand. It is merely a protection both for the dealer to help him show that the product which he sells is really what he purports it to be and also for the prospective buyer so that he may be sure as to the quality of what he is purchasing.

I do not agree with Mr. Lambert that we should mark all products sold in shops otherwise we will have to invent hall-marks for sheet-metal or for all kinds of products except precious metals. I think we should



## [Texte]

cieux; je crois que nous devons nous limiter. Le but de la Loi est de permettre à des manufacturiers et des vendeurs de pouvoir vanter la qualité de leurs produits et, de ce fait, le futur client est protégé.

Tout commerçant doit être sur ses gardes et lorsqu'un inspecteur se présente chez lui, c'est pour une bonne raison, il y a sans doute quelque chose qui fait défaut. Préalablement à cette visite, il a eu suffisamment de mises en demeure pour savoir qu'il doit répondre exactement aux questions et qu'il ne doit pas se fourvoyer par de fausses réponses. Je crois que le texte de la Loi protège le client et il ne faut pas laisser de porte ouverte à ceux qui se prétendent vendeurs de produits fabriqués avec des métaux précieux, autrement, on donne libre cours à des abus de toutes sortes et les coupables sont à l'abri.

**Le président:** Merci, monsieur Noël. Est-ce que l'article 8, tel qu'il apparaît au Bill S-4, est adopté?

**M. Lambert (Edmonton-Ouest):** Sur division.

**Le président:** Article 9 du Règlement? Oui, monsieur Lambert?

**Mr. Lambert (Edmonton West):** I take it that there will be full compliance with the Regulations Act and that all of these regulations will be published.

**Mr. Basford:** Yes; in the *Canada Gazette*.

**Mr. Lambert (Edmonton West):** Yes.

**Mr. Basford:** You raised the question in the House that they be tabled in the House.

**Mr. Lambert (Edmonton West):** This is something, Mr. Minister, that I want on all regulations so that they will come under delegated legislation—a review.

**Mr. Basford:** I think they will. You spoke in the House of Ministers' regulations. All of the regulations under here are Governor in Council rather than Ministers' orders.

**Mr. Lambert (Edmonton West):** Any regulations must be published. This is the point.

**Mr. Basford:** Yes, but in the House you spoke...

**Mr. Lambert (Edmonton West):** What I want to avoid is, as you know, under the Regulations Act there is a provision that the Governor in Council can exempt regulations from being published.

## [Interprétation]

restrict ourselves. The purpose of the Act is to enable manufacturers and retailers to praise the quality of their products. At the same time this protects the prospective buyer.

A merchant must be careful and when an inspector visits him, there is a good reason for doing so. It is because there is no doubt something wrong. Prior to this visit he has already been sufficiently warned to know that he must reply exactly to the questions put and not go astray through making false statements. I think that the text of the Act protects the customer, and we should not leave any loopholes to those who represent themselves as sellers of precious metals products. Otherwise, free rein is given to all kinds of abuses while the guilty parties cannot be apprehended.

**The Chairman:** Thank you, Mr. Noël. Has clause 8, as drafted in Bill S-4, been agreed to?

**Mr. Lambert (Edmonton West):** On division.

**The Chairman:** Clause 9 of the Regulations? Yes, Mr. Lambert?

**M. Lambert (Edmonton-Ouest):** Si j'ai bien compris, tous ces règlements seront publiés dans la *Gazette du Canada*?

**M. Basford:** Dans la *Gazette du Canada*.

**M. Lambert (Edmonton-Ouest):** Oui.

**M. Basford:** Vous avez soulevé la question, monsieur Lambert, afin que le règlement soit déposé à la Chambre?

**M. Lambert (Edmonton-Ouest):** Vous savez, monsieur le ministre, que c'est ce que je désire pour toutes les lois.

**M. Basford:** Je le pense. Vous avez parlé à la Chambre des règlements des ministres. Tous les règlements ici sont faits par ordre du gouvernement en conseil et non des ministres.

**M. Lambert (Edmonton-Ouest):** Tous les règlements doivent être publiés. C'est là que je veux en venir.

**M. Basford:** Oui, mais à la Chambre vous avez parlé de...

**M. Lambert (Edmonton-Ouest):** Voici ce que je veux éviter: comme vous le savez, il est prévu dans la Loi sur les règlements que le gouverneur en conseil peut exempter certains règlements de la publication.

[Text]

**Mr. Basford:** I can give you the undertaking that that will not apply to these regulations, all of which will be published in the *Canada Gazette*. If the Committee on delegated legislation is going to suggest amendments to the Regulations Act, of course these would be covered by...

**Le président:** D'accord, monsieur Lambert?

**Mr. Lambert (Edmonton West):** Well I will take it on faith. I am quite serious about this. We have done it and we have changed it in the dumping legislation and we have done it on other things. I think as a principle it should apply.

**Mr. Basford:** That all regulations be published?

**Mr. Lambert (Edmonton West):** That all regulations be published, or that they be tabled so that they will be subject to examination by the Committee on delegated legislation.

**Mr. Basford:** These are published in the *Canada Gazette*.

**Mr. Lambert (Edmonton West):** All right.

Clauses 9 and 10 agreed to.

On Clause 11—*Disposition of articles upon conviction*

**Mr. Lambert (Edmonton West):** I have a question.

**The Chairman:** You may proceed Mr. Lambert.

**Mr. Lambert (Edmonton West):** On subclause (3) would the Minister kindly explain the relationship between the Fisheries Act and precious metals?

**Mr. Basford:** I had exactly the same question when I saw this for the first time.

The reason for this is that there is no Crown forfeiture act—which in my view there should be—to cover property forfeited to the Crown or seized by the Crown under one circumstance or another. This Clause provides that we will have in this act for articles seized under it the same forfeiture provisions as in the Fisheries Act, to provide that a recovery action lies by persons having an interest in those goods or articles, but who are not involved in a violation of the Statute. This procedure is very well set out in the Fisheries Act, and therefore they have just referred to the Fisheries Act here rather than reproducing the whole provisions. But the

[Interpretation]

**M. Basford:** Je peux vous promettre que cela ne s'appliquera pas à ces règlements; ils seront tous publiés dans la *Gazette du Canada*. Si le Comité veut proposer des modifications à la Loi sur les règlements, elles seraient, bien sûr...

**The Chairman:** Correct, Mr. Lambert?

**M. Lambert (Edmonton-Ouest):** Je veux bien vous croire sur parole. Je parle tout à fait sérieusement. Nous avons apporté des modifications au projet de loi sur le dumping, et à d'autres projets aussi. Et je pense que, par principe, cela devrait s'appliquer.

**M. Basford:** Que tous les règlements soient publiés?

**M. Lambert (Edmonton-Ouest):** Que tous les règlements soient publiés, ou qu'ils soient déposés afin que le comité sur la législation puisse les étudier.

**M. Basford:** Ils sont publiés dans la *Gazette du Canada*.

**M. Lambert (Edmonton-Ouest):** Entendu.

Articles 9 et 10 adoptés.

Article 11—*Disposition des articles après déclaration de culpabilité*.

**M. Lambert (Edmonton-Ouest):** J'ai une question à poser.

**Le président:** Vous avez la parole, monsieur Lambert.

**M. Lambert (Edmonton-Ouest):** Au sujet de l'alinéa (3), le ministre voudrait-il m'expliquer le rapport entre la Loi sur les pêcheries et les métaux précieux?

**M. Basford:** Je me suis posé exactement la même question lorsque j'ai vu cela la première fois.

La raison en est qu'il n'y a pas, à tort, de loi sur la confiscation de biens par la Couronne. Cet article stipule que, dans la présente loi, il y aura, pour les articles saisis en vertu de ladite loi, les mêmes dispositions relatives à la confiscation de biens que dans la Loi sur les pêcheries. La récupération incombera aux personnes qui ont un intérêt dans ces biens ou dans ces articles, mais n'ont pas commis d'infraction. Cette procédure est très bien expliquée dans la Loi sur les pêcheries, et, par conséquent, on renvoie à la Loi sur les pêcheries au lieu de réimprimer toutes les dispositions. Mais, à mon avis, il faudrait une loi sur la confiscation des biens qui pré-



## [Texte]

need, in my view, is for a forfeiture act to cover this situation and it, of course, would be for articles of precious metal that had been seized pursuant to a violation of the act and someone not connected with the violation or any part of the violation had an interest in those articles. This would allow him to take action to enforce his interest in the article. This is covered in the Fisheries Act where they deal with this all the time in connection with fishing boats, nets and that sort of thing.

**Mr. Blair:** Mr. Basford, this is not a fishing procedure.

**Mr. Basford:** No.

**Mr. Lambert (Edmonton West):** To continue the metaphor, Mr. Chairman some strange things come into that one net.

## • 1235

**Le président:** Est-ce que l'article 11 tel que libellé dans le Bill S-4 est adopté?

Clauses 11 to 14 inclusive agreed to.

Clause 1 agreed to.

Title agreed to.

**The Chairman:** Shall I report the bill without amendment?

**Some hon. Members:** Agreed.

**The Chairman:** Thank you very much, Mr. Basford and Mr. Lewis. For the information of members this afternoon at 2.30 in this same room we will resume discussion and study of Bill No. C-138 with the officials of the Department of Finance. Thank you, Mr. Basford.

**Mr. Basford:** Thank you, Mr. Chairman.

**Mr. Gray:** Will this be an unofficial session?

**The Chairman:** No, a public session.

**Mr. Gray:** Oh, I see.

## [Interprétation]

voirait cette situation et s'appliquerait, bien entendu, aux articles de métal précieux saisis par suite d'une violation de loi et dans lesquels une personne non impliquée dans la violation aurait un intérêt. Cela permettrait à la personne en question d'entamer des poursuites pour protéger ses intérêts. Cela est prévu dans la Loi sur les pêcheries, où on le mentionne sans cesse au sujet des bateaux de pêche, des filets, et ainsi de suite.

**M. Blair:** Monsieur Basford il ne s'agit pas de tirer les asticots du nez.

**M. Basford:** Non.

**M. Lambert (Edmonton-Ouest):** Pour pousser la comparaison plus loin, on attrape beaucoup de choses dans le même filet, des choses étranges.

**The Chairman:** Has clause 11, as drawn up in Bill S-4, been adopted?

Articles 11 à 14 inclus adoptés.

Article 1 adopté.

Titre adopté.

**Le président:** Puis-je faire rapport du bill sans modifications?

**Des voix:** Entendu.

**Le président:** Merci beaucoup, monsieur Basford, et vous, monsieur Lewis. Messieurs, cet après-midi, à deux heures et demie, nous reprendrons le débat sur le Bill C-138, dans cette même salle, avec les représentants du ministère des Finances. Merci encore, monsieur Basford.

**M. Basford:** Merci, monsieur le président.

**M. Gray:** Est-ce que ce sera une réunion non officielle?

**Le président:** Non, ce sera une séance publique.

**M. Gray:** Je vois.











OFFICIAL BILINGUAL ISSUE

FASCICULE BILINGUE OFFICIEL

HOUSE OF COMMONS

CHAMBRE DES COMMUNES

First Session

Première session de la

Twenty-eighth Parliament, 1968-69

vingt-huitième législature, 1968-1969

STANDING COMMITTEE  
ON

COMITÉ PERMANENT  
DES

FINANCE, TRADE  
AND  
ECONOMIC AFFAIRS

FINANCES, DU COMMERCE  
ET DES  
QUESTIONS ÉCONOMIQUES

*Chairman*

M. Gaston Clermont

*Président*

MINUTES OF PROCEEDINGS  
AND EVIDENCE

PROCÈS-VERBAUX ET  
TÉMOIGNAGES

No. 22

TUESDAY, JANUARY 28, 1969

RÉUNION DU MARDI 28 JANVIER 1969

*Respecting*

*Concernant*

Bill C-138, An Act to amend the Bretton Woods Agreement Act and the Currency, Mint and Exchange Fund Act.

Le Bill C-138, Loi modifiant la Loi sur les accords de Bretton Woods et la Loi sur la monnaie, l'Hôtel des monnaies et le fonds des changes.

*Witnesses:*

*Témoins:*

From the Department of Finance: Messrs. Alan Hockin, Assistant Deputy Minister and S. J. Handfield-Jones, Director of International Finance.

Du ministère des Finances: MM. Alan Hockin, sous-ministre adjoint et S. J. Handfield-Jones, directeur des Finances internationales.

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STANDING COMMITTEE ON  
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AND  
ECONOMIC AFFAIRS

COMITÉ PERMANENT DE LA  
FINANCE, DU COMMERCE  
ET DES  
QUESTIONS ÉCONOMIQUES

*Chairman*  
*Vice-Chairman*

M. Gaston Clermont  
Mr. Alastair Gillespie  
and Messrs.  
et Messieurs

*Président*  
*Vice-président*

Blair,  
Comtois,  
Danson,  
Downey,  
Émard,  
Flemming,

Gauthier,  
Gilbert,  
Gray,  
Harkness,  
Kaplan,  
Lambert (*Edmonton*  
*West*),

Latulippe,  
Noël,  
Ritchie,  
Roberts,  
Saltsman,  
Trudel—(20).

*La secrétaire du comité,*  
Dorothy F. Ballantine,  
*Clerk of the Committee.*



## MINUTES OF PROCEEDINGS

TUESDAY, January 28, 1969.  
(31)

The Standing Committee on Finance, Trade and Economic Affairs met at 2:40 p.m. this day, the Chairman, Mr. Clermont, presiding.

*Members present:* Messrs. Clermont, Danson, Downey, Émard, Gauthier, Gillespie, Gray, Harkness, Lambert (*Edmonton West*), Noël, Roberts, Saltsman, Trudel—(13).

*In attendance:* From the Department of Finance: Messrs. Alan Hockin, Assistant Deputy Minister; S. J. Handfield-Jones, Director of International Finance; Bruce D. Lister and Rost van Tanigen, both of the International Finance Division. *From the Library of Parliament:* Mr. E. Brower.

The Committee resumed consideration of Bill C-138, An Act to amend the Bretton Woods Agreements Act and the Currency, Mint and Exchange Fund Act.

Mr. Handfield-Jones gave a general explanation of each clause of the bill, and he and Mr. Hockin were questioned.

At 5:00 p.m. the Committee adjourned until 11:00 a.m., Thursday, January 31, 1969.

## PROCÈS-VERBAUX

Le MARDI 28 janvier 1969  
(31)

Le Comité permanent des finances, du commerce et des affaires économiques se réunit à deux heures quarante cet après-midi, sous la présidence de M. Clermont, président.

*Présents:* MM. Clermont, Danson, Downey, Émard, Gauthier, Gillespie, Gray, Harkness, Lambert (*Edmonton-Ouest*), Noël, Roberts, Saltsman, Trudel—(13).

*De même que: représentant le ministère des Finances:* MM. Alan Hockin, sous-ministre adjoint; S. J. Handfield-Jones, directeur des finances internationales; Bruce D. Lister et Rost van Tanigen, de la Division des finances internationales. *De la librairie du Parlement:* M. E. Brower.

Le Comité reprend l'étude du projet de loi C-138, Loi modifiant la Loi concernant les accords de Bretton Woods et la Loi sur la monnaie, l'Hôtel des monnaies et le Fonds des changes.

M. Handfield-Jones donne une explication générale de chaque article du projet de loi. Le Comité interroge M. Handfield-Jones et M. Hockin.

Le Comité s'ajourne à cinq heures jusqu'à jeudi matin le 31 janvier 1969 à onze heures.

*La secrétaire du Comité,*  
Dorothy F. Ballantine,  
*Clerk of the Committee.*





[Texte]

## EVIDENCE

(Recorded by Electronic Apparatus)

• 1444

### AFTERNOON SITTING

**The Chairman:** This afternoon we are resuming consideration of Bill C-138, an Act to amend the Bretton Woods Agreements Act and the Currency, Mint and Exchange Fund Act.

As witnesses from the Department of Finance, we have Mr. Hockin, Assistant Deputy Minister, Mr. S. J. Handfield-Jones, Director, International Finance Division and Mr. Bruce Lister, International Finance Division; and also Mr. Brower from the Research Division of the Library.

Mr. Hockin, at our last meeting Mr. Gauthier had the floor and I had given him the understanding that he would have the first chance to ask questions of the officials. However, for the time being I am open to receive questions, gentlemen.

**Mr. Gray:** Mr. Chairman, if the members present have exhausted their desire for general discussion, at least for the moment, perhaps they may wish to proceed to have the witnesses explain and clarify for us the individual clauses.

**The Chairman:** May I receive comments on that suggestion, gentlemen?

**Mr. Gray:** General comments, of course.

**The Chairman:** Is there any objection to proceeding clause-by-clause and asking questions of the government officials?

**Mr. Gray:** It is understood that we are not voting on the clauses?

**The Chairman:** No.

**Mr. Gray:** We are merely seeking clarification and explanation.

**Mr. Alan Hockin (Assistant Deputy Minister, Department of Finance):** Mr. Chairman, is it the wish of the Committee to hear comments clause by clause, or should Mr. Handfield-

[Interprétation]

## TÉMOIGNAGES

(Enregistrement électronique)

**Le président:** Messieurs, une fois de plus, cet après-midi, nous reprenons notre étude du bill C-138, loi modifiant la *Loi sur les accords de Bretton Woods* et la *Loi sur les monnaies, l'Hôtel des monnaies et le fonds des changes*.

Nous avons comme témoins: M. Hockin, sous-ministre adjoint, M. Handfield-Jones, directeur du Service international des finances et M. Bruce Lister du Service international des finances et M. Brower du Service de la recherche à la Bibliothèque.

Monsieur Hockin, à notre dernière réunion, c'était M. Gauthier qui avait la parole et il devait être le premier à reprendre la période des questions aux témoins. Mais, pour le présent, avez-vous des questions, messieurs?

**M. Gray:** Monsieur le président, si les membres ici présents ne veulent plus, du moins pour le moment, avoir une discussion d'ensemble, peut-être pourrions-nous demander aux témoins de nous préciser les différents articles de ce projet de loi.

**Le président:** Auriez-vous des commentaires à faire sur cette proposition de M. Gray, messieurs?

**M. Gray:** Ce n'est qu'une affaire d'ensemble, des observations d'ensemble.

**Le président:** Est-ce qu'on s'oppose? On pourrait faire une explication, article par article?

**M. Gray:** On ne vote pas?

**Le président:** Non.

**M. Gray:** On essaie simplement des précisions, des explications.

**M. Alan Hockin (sous-ministre, ministère des Finances):** Monsieur le président, le Comité désire-t-il entendre des commentaires article par article ou est-ce que vous vou-

[Text]

Jones take you through the bill by groups of clauses, some of which relate to each other?

**The Chairman:** I have no objection.

**Some hon. Members:** Agreed.

**Mr. Harkness:** It is all right to take groups of clauses, but I also think we should go over it clause by clause so that we have an opportunity to take it seriatim, as it were.

**Mr. Danson:** This is a preliminary.

**Mr. Gray:** It will give us the necessary background for hearing other witnesses and finally to vote in a reasonably intelligent fashion on the proposals.

**The Chairman:** Will you begin, Mr. Handfield-Jones?

**Mr. S. J. Handfield-Jones (Director, International Finance Division, Department of Finance):** Thank you, Mr. Chairman. If I may start with clause 1 of the bill, it contains a new and much expanded introductory article to the articles of agreement of the International Monetary Fund as amended by this proposal.

This new introductory article is designed to reflect the addition to the Fund of the new function of providing special drawing rights. The details of the provisions for this new function appear in a series of new articles, Articles 20 to 32, in the amended charter of the Fund.

It may be seen from the new introductory article that the Fund will operate in the future with two quite separate accounts: the general account, which will handle all of the existing operations, and the special drawing account.

The two are clearly separated because the existing members of the Fund are being given the option to participate in the SDR scheme, or to stay out of it. All members will have the right to join, but will not be forced to join. I think we can certainly express the hope and, indeed, the expectation that an overwhelming majority of members will participate in the SDR scheme, but a few have been opposed to it during the period of preparation and it is only fair to give them a chance to stay out if they so wish.

Those are my comments on clause 1 of the Bill, Mr. Chairman.

**The Chairman:** Are there any questions, gentlemen?

[Interpretation]

driez que M. Handfield-Jones vous donne des groupes d'articles qui se rattachent les uns aux autres?

**Le président:** Je ne m'y oppose pas.

**Des voix:** Convenu, d'accord.

**M. Harkness:** Il serait excellent de prendre un ensemble d'articles, mais on devrait aussi passer article par article pour que nous ayons alors l'occasion de voir au juste ce qui en est.

**M. Danson:** Ce n'est qu'un début.

**M. Gray:** Ceci vous donnera la base qui vous permettra d'entendre d'autres témoins et de finalement voter avec intelligence.

**Le président:** Monsieur Handfield-Jones.

**M. S. J. Handfield-Jones (Directeur, Service international des finances, ministère des finances):** Merci beaucoup, monsieur le président. Si on veut bien me permettre, je vais commencer par l'article 1. A l'article 1, nous avons un article préliminaire beaucoup plus élaboré aux articles d'entente du Fonds monétaire international, tels que modifiés ici.

Ce nouvel article se trouve à refléter l'addition au Fonds de certaines nouvelles fonctions visant à donner les droits de tirage spéciaux. Les détails des dispositions de ces nouveaux rôles figurent dans un ensemble de nouveaux articles, les articles 20 à 32, dans la charte modifiée du Fonds monétaire international.

On peut voir d'après le nouvel article préliminaire que le Fonds, à l'avenir, fonctionnera avec deux comptes distincts: le compte général, où il y aura toutes les opérations actuelles, et le compte des droits de tirage spéciaux.

Les deux sont établis distinctement parce que les membres actuels du Fonds monétaire ont le choix de participer au programme de droits de tirage spéciaux ou de ne pas y participer. Tous les membres auront donc le droit de se joindre mais ne seront pas tenus de le faire. Je pense que nous pouvons sûrement formuler l'espoir et même qu'on peut s'attendre à ce que la plupart des membres participeront à ce programme des droits de tirage spéciaux, mais certains s'y sont opposés pendant la période préparatoire et, il n'est que juste de leur fournir l'occasion de ne pas y participer, s'ils le désirent.

Voilà le commentaire que j'avais à faire au premier article, monsieur le président.

**Le président:** Avez-vous des questions?



## [Texte]

**Mr. Saltsman:** Mr. Handfield-Jones said that a number of members have been opposed. I presume it is generally known that France is one of those that have been opposed to the SDR. Could you give us names of the other members who are in opposition to the special drawing rights?

**Mr. Handfield-Jones:** Mr. Chairman, at the time of the negotiations France was the principal opponent of the change. I put it in those past terms because I do not think that any positions are immutable, and one hopes that there may be a shift in the position of those countries who are less favourably disposed to it.

Why I did not confine myself in that comment to France was really in the interests of accuracy. Certain of the countries in French-speaking Africa, which are very closely bound to France by their currency arrangements, tended to support the French position in these negotiations. It was not, I think, an independently held view. Of the major countries which did hold an independent view on these matters I think I can say that only France was opposing the change.

• 1450

**Mr. Saltsman:** And the others because of their wish not to antagonize France, presumably?

**Mr. Handfield-Jones:** It was partly for political reasons. It was also that these countries are members of the franc area and their external financial positions are bound very closely to those of France through their arrangements with the Bank of France. They would have found it very difficult to participate in the special drawing rights scheme if France had been very much opposed to it.

**Mr. Harkness:** Has France now changed its position?

**Mr. Handfield-Jones:** Mr. Chairman, no explicit action has been taken which indicates a change in the French position. France has not ratified the agreement. However, the tone in which French officials have commented upon international monetary questions has shown a change of emphasis.

**Mr. Harkness:** I rather gathered that following the French financial crisis they had changed their view to some extent. I won-

## [Interprétation]

**M. Saltsman:** Oui, vous dites, monsieur Handfield-Jones, qu'un certain nombre de membres s'y sont opposés. Entre autres, nous savons que la France s'est opposée aux droits de tirage spéciaux. Pourriez-vous nous donner les noms des autres membres qui s'opposent à ces droits de tirage spéciaux?

**M. Handfield-Jones:** Monsieur le président, au moment des négociations, la France était le principal état membre qui s'opposait, le principal adversaire de cette modification. Je ne dirai pas qu'elle s'opposait parce que je ne crois pas qu'une telle ligne de conduite soit immuable, et on ose espérer qu'on puisse, éventuellement, peu à peu, voir des modifications dans la position de ces pays qui semblent moins favorables à une telle idée.

La raison pour laquelle je me contente tout simplement de vous parler de la France, c'est pour une raison de précision. Certains des pays de l'Afrique francophone, qui sont étroitement rattachés à la France, vu les dispositions monétaires qu'ils ont prises avec ce dernier pays, tendent à l'appuyer au cours de ces négociations. Ce n'était pas, entre autres, au sein des principaux pays membres qu'il y avait un point de vue indépendant. Je puis dire qu'il n'y avait que la France qui s'opposait à cette modification.

**M. Saltsman:** Et les autres parce qu'ils ne veulent pas susciter d'antagonisme avec la France.

**M. Handfield-Jones:** C'était, en partie, pour des raisons d'ordre politique et aussi parce que ces pays font partie de la zone du franc et leurs rapports externes sur le plan financier sont rattachés de très près à ceux de la France par suite de leurs arrangements avec la Banque de la France. Il leur serait très difficile de participer à ce programme de droits de tirage spéciaux si la France s'y opposait vraiment.

**M. Harkness:** La France a-t-elle changé sa position maintenant?

**M. Handfield-Jones:** Monsieur le président, il n'y a pas de dispositions précises qui ont été prises et qui indiquent une modification dans la ligne de conduite de la France. La France n'a pas ratifié l'entente mais seulement, je pense, que la façon dont les représentants de la France ont fait les commentaires sur cette question de Fonds monétaire international nous a prouvé qu'il en était ainsi.

**M. Harkness:** A la suite de cette crise financière en France, j'en avais conclu quelque peu qu'ils avaient modifié leur point de vue.

[Text]

dered whether this was the case, but there is nothing specific?

**Mr. Handfield-Jones:** There has been a very definite change in the way they have talked about international monetary problems. Unfortunately, I cannot cite any specific act which represents a change in position.

**Mr. Saltsman:** My next question is in the realm of asking for an opinion. In your opinion, had the SDR structure been in operation at the time of the recent French currency crisis would it have given France an additional option on how to solve her exchange problem rather than the two options that were available to her at that time—devaluation, or very restrictive internal economies?

**Mr. Handfield-Jones:** Mr. Chairman, depending upon how long the scheme had been in existence and what quantity of special drawing rights had been created, they would, of course, have provided additional reserves to France, as to any other country, to deal with the sort of exchange difficulties which France experienced.

As the earlier discussions in this Committee have clarified, this special drawing rights proposal is not designed specifically and exclusively to deal with the exchange difficulties of particular countries at particular times. It has a much more general intent. This does not mean to say that by adding to the reserves available to countries it cannot provide added resources to countries for dealing with particular exchange difficulties.

**The Chairman:** Have you any other questions, gentlemen?

If not, I will ask Mr. Handfield-Jones to move to clause 2.

**Mr. Handfield-Jones:** Mr. Chairman, when we turn to clause 2 we come to a series of amendments to the existing articles of the Fund, many of which are either consequential upon the special drawing rights changes or are related to them.

The changes in Article 1 as contained in clause 2 of the Bill, and also the changes in Article 5 are intended to provide a legal codification of the present lending practices of the Fund. As Mr. Hockin indicated earlier, members can borrow from the Fund the amount of their gold tranche automatically and unconditionally; but the Fund has the

[Interpretation]

Je ne sais pas s'il en est vraiment ainsi, mais il n'y a rien de précis.

**M. Handfield-Jones:** Leur méthode de parler du Fonds monétaire international a définitivement changé. Mais, il n'y a pas de geste précis qui puisse nous indiquer un changement.

**M. Saltsman:** Je voulais demander un avis. Selon vous, si la structure des droits de tirage spéciaux avaient été en application au moment de la crise financière en France, est-ce que, alors, la France aurait eu un autre choix possible quant à la façon dont elle aurait pu résoudre son problème, soit des méthodes autres que les deux options disponibles à ce moment-là, soit la dévaluation ou des mesures économiques restrictives?

**M. Handfield-Jones:** Monsieur le président, suivant la période pendant laquelle ce régime aura été mis en vigueur ou la quantité des droits de tirage spéciaux qui auraient été créés alors, bien entendu, cela aurait fourni des réserves additionnelles à la France, comme à tout autre pays, lui permettant de résoudre les difficultés qu'elle connaissait alors.

Et, au cours des entretiens que nous avons eus plus tôt en ce Comité, on a pu préciser que cette proposition de droits de tirage spéciaux n'est pas conçue essentiellement et exclusivement pour traiter des difficultés de change, dans le pays donné, à un moment donné. Sa portée est beaucoup plus généralisée. Mais cela ne veut pas dire qu'en ajoutant aux réserves disponibles d'un pays, on ne peut tout de même pas ajouter des ressources additionnelles à un pays qui éprouve des difficultés particulières pour ce qui est des changes.

**Le président:** Est-ce que vous avez d'autres questions messieurs? Non, donc, nous passons au deuxième article.

**M. Handfield-Jones:** Monsieur le président, lorsque nous passons à l'article 2, nous en arrivons alors à un ensemble d'amendements apportés aux articles actuels du Fonds dont bon nombre découlent de nouvelles dispositions concernant les droits de tirage spéciaux ou s'y rapportant.

Les modifications apportées à l'article 1, qui se trouvent à l'article 2 du bill, ainsi que les modifications à l'alinéa 5, sont prévues pour donner une codification légale aux pratiques actuelles du Fonds pour ce qui est de ces pratiques de prêts. Comme M. Hockin l'a indiqué plus tôt, les membres peuvent emprunter du Fonds suivant leur réserve-or,



[Texte]

power to impose conditions on borrowings which go beyond that point.

• 1455

It seems reasonable that countries should, as a matter of right, be able to get back from the Fund the amount of money which they have already put into it. But there will no longer be any need for the Fund to supply unconditional credit beyond that point through the general account because the SDR scheme will enable the need for unconditional liquidity to be met in the future. Both unconditional and conditional liquidity are needed by the payment system and each has its advantages.

With these amendments the Fund will be able to provide both of them, and both of the Fund accounts will be able to grow in the future.

**The Chairman:** Are there any questions? Yes, Mr. Saltsman?

**Mr. Saltsman:** This is a technical question. Does the amount of gold that is left with the IMF—the gold tranche—show up as part of a country's foreign exchange reserve? What are the mechanics?

**Mr. Handfield-Jones:** There are still differences in practices between countries in this respect. Some countries do include in their reserves the whole of their gold tranche. Others—I think Canada is in this category—tend to include in their reserves the amount of the credit or position of the fund, while other countries include none of it.

Now, an important part of the legal changes which are made here in the definition and standards of the gold tranche are designed to remove any difficulties there may be in including the amount in the country's reserves. The fact that access to the gold tranche will be legally automatic and unconditional and the power which the fund will have under these amendments to make no charge for the use of the gold tranche will make the gold tranche appropriate for inclusion in the reserves along with other assets.

I happened to notice today a report that the Belgian government is changing its legislation to allow for the inclusion of the gold tranche in its reserves and with gold in the gold-leaking provision of the currency which they still retain as a result of these amendments to the articles agreement of the fund, which provides the gold tranche with this enhanced legal status.

**Mr. Saltsman:** How do they arrange for the physical status of the gold?

[Interprétation]

automatiquement et sans conditions; mais, le Fonds a le droit d'imposer des conditions pour les emprunts qui dépassent cette limite.

Il semble raisonnable que les pays puissent retrouver, recouvrer du Fonds, en droit, ces argents qu'ils y ont déposés. Mais le Fonds n'aura plus, alors, à accorder ces crédits inconditionnels au-delà de cette limite, à partir du compte général vu que ce programme des droits de tirage spéciaux pourra répondre à ses besoins sans condition. Il faut, en vertu du système de paiement liquide direct et indirect...

Avec ses amendements, le Fonds sera en mesure d'assurer les deux... et les deux comptes du Fonds pourront alors croître à l'avenir.

**Le président:** Messieurs, avez-vous des questions à poser? Oui, monsieur Saltsman?

**M. Saltsman:** Question technique. L'or ainsi déposé auprès du Fonds monétaire international, la couverture-or, est-ce que cela fait partie de la réserve en devises étrangères d'un pays? Quels sont les rouages?

**M. Handfield-Jones:** Il y a encore des distinctions de pratique suivie par les différents pays. Certains pays incluent dans leurs réserves l'ensemble de leurs réserves or. D'autres, et je pense que le Canada est un de ceux-là, alors, ces pays ont tendance à inclure dans leurs réserves leurs crédits au Fonds, alors que d'autres pays ne les incluent pas.

Une partie importante des modifications qui sont apportées, ici, dans la définition et les normes de la couverture-or est conçue en vue de faire disparaître les difficultés qui pourraient se présenter lorsqu'on inclut cette somme dans les réserves d'un pays. Le fait que l'accès à la couverture-or sera légalement automatique et sans condition, et le pouvoir qu'aura le Fonds en vertu de ces amendements de ne rien charger pour l'usage de cette couverture-or rendront possible son inclusion dans les réserves avec les autres avoirs.

Ainsi, j'ai pu voir aujourd'hui dans un rapport que le gouvernement belge modifie sa législation en vue de permettre l'inclusion de cette couverture-or dans ses réserves et aussi les devises fondées sur l'or à leur disposition, suivant les modifications aux articles du Fonds qui prévoient ces dispositions.

**M. Saltsman:** Où se trouve cet or? Ou quelles sont les dispositions que l'on prend?

[Text]

**Mr. Handfield-Jones:** The fund itself does not maintain any depositories of gold. It does not have a building with a large vault in it, Mr. Chairman. It arranges for the gold to be held on deposit on its account in the central banks of its member countries.

**Mr. Saltsman:** The Canadian gold tranche, in effect, would be held in reserve in the central bank.

**Mr. Handfield-Jones:** It may be in Canada or in some other central bank. This is a matter of administration by the treasurer of the fund and its assets.

**Mr. Saltsman:** Has any consideration been given to using the IMF as an international central banker in the sense that the Bank of Canada serves as a banker for the chartered banks within its own country; in other words, a super central bank that is capable of creating credit, or is that difficult?

**Mr. Handfield-Jones:** I think I would go as far as saying, Mr. Chairman, that the SDR scheme is a scheme whereby money can be created by international action and therefore in this sense the fund acquires some of the characteristics of a central bank. Its older functions, as I think I did suggest earlier, were more like commercial banking functions. They were lending on conditions for a specific term, while the Special Drawing Rights scheme enables the fund to create unconditional and permanent additions to the stock of international reserves or national money, if you like. This makes the fund more like a central bank than it was before.

• 1500

Now, central banks have many functions, of course. The clearing function which Mr. Saltsman has just referred to is one which does not really arise in the international field because the official transactions are conducted in the first instance in particular national currencies. Special Drawing Rights will not be a transaction currency in that sense.

**The Chairman:** Just one moment, Mr. Lambert. I think Mr. Hockin would like to add to this.

**Mr. Hockin:** Mr. Chairman, I think it might be of interest to the Committee to recall that

[Interpretation]

**M. Handfield-Jones:** Le Fonds n'a pas, disons, des voûtes pour entreposer cet or. Il n'a pas un édifice avec une grande voûte, monsieur le président. On prend des dispositions pour que cet or soit entreposé, disons, déposé à son compte aux banques centrales des états membres.

**M. Saltsman:** Donc, la réserve or du Canada serait gardée en réserve à la banque centrale?

**M. Handfield-Jones:** C'est peut-être au Canada ou dans une autre banque centrale. C'est une question d'administration de la part du trésorier du Fonds et de ses avoirs.

**M. Saltsman:** Est-ce qu'on a tenu compte ou songé à utiliser le Fonds monétaire international comme une banque centrale, en ce sens, disons, un peu comme dans le genre de la Banque du Canada qui est dépositaire pour les banques à charte dans son propre pays; donc, avoir une banque supercentrale ou une super-banque centrale qui pourrait créer du crédit, ou est-ce là une chose qui est très difficile à réaliser?

**M. Handfield-Jones:** J'irais jusqu'à dire, monsieur le président, que le programme des droits de tirage spéciaux, en est un en vertu duquel on peut créer de l'argent, en vertu d'une disposition sur le plan international. Alors, en ce sens, le Fonds se trouve à acquérir certaines des caractéristiques d'une banque centrale. Ses anciennes fonctions, comme je crois l'avoir peut-être dit plus tôt, étaient plutôt celles d'une banque commerciale. On prête suivant des conditions pour un terme déterminé alors que les droits de tirage spéciaux permettent une addition sans conditions au stock des réserves internationales ou des devises nationales, si vous voulez. Et c'est ainsi que le Fonds est plutôt une banque centrale maintenant qu'auparavant.

Il y a d'autres fonctions, bien entendu, pour une banque centrale. La fonction de chambre de compensation, dont M. Saltsman vient de parler, en est une qui ne se présente pas vraiment dans le domaine international parce que les transactions officielles sont faites d'abord dans une devise donnée. Les droits de tirage spéciaux ne sont pas une transaction de devises, en ce sens.

**Le président:** M. Lambert. Un instant, s'il vous plaît. Je pense que M. Hockin aimerait y ajouter quelque chose.

**M. Hockin:** Monsieur le président, je crois que le Comité serait intéressé à se rappeler



*[Texte]*

at the time the IMF was first established at the end of the Second World War, one of the alternative forms that was considered at that time was what was called a kind of central bankers central bank, and the decision at that time by the countries participating in the negotiations was not to go down that particular path at that time. As Mr. Handfield-Jones has said, this agreement on the creation of SDR's really is a first step down that path which the members of the fund thought about some 25 years ago and decided not to take at that time.

**Mr. Lambert (Edmonton West):** Mr. Chairman, there are two things that strike me here. First of all, I find it a little strange that there should not be a standard form of treating the gold tranche other than the national currency portion plus the SDR's. It will depend upon the views of the individual member countries what they will include in their international reserves.

I think there must be a departure here in what you might call the standardized form of balance sheet. After all, a country does present a form of balance sheet and its gold tranche would be likened to cash on hand and in the bank on which you have absolute discretion. Beyond that you might have investments on deposit with trust which are subject, perhaps, to availability on certain conditions, but it strikes me that SDR's are in the nature of what you might call a line of credit which you establish.

In commercial practice, no one would say to include in his balance sheet, "Well, we have established a line of credit for "X" hundreds of thousands of dollars of "X" millions of dollars with particular financial institutions". Why go into this sort of tenuous type of reserve to include it in your actual financial position? True enough, you have it established, but why is it not being changed into some concrete form of reserve? That is the point I think has been implicit in some of my questioning.

**Mr. Hockin:** Mr. Chairman, this takes us back to the analogy that Mr. Handfield-Jones reported, that of a zebra being questioned whether it was a white animal with black stripes or a black animal with white stripes. Quite frankly, the discussions on this whole area of the creation of a new reserve asset tended to break between those who felt that in essence what we should have was a credit instrument which was in some way or other conditional or semi-conditional but that countries would not be able to claim was completely and utterly theirs without any strings attached, and those who felt that what was

*[Interprétation]*

qu'au moment où on a d'abord établi le Fonds monétaire international, soit à la fin de la Deuxième Guerre mondiale, une des solutions de rechange qui fut étudiée était ce qu'on appelait une soi-disante «banque centrale.» Et, à ce moment-là, les pays qui participaient à ces négociations ont décidé de ne pas s'engager dans cette voie. Et comme M. Handfield-Jones l'a dit, lorsqu'on s'est entendu pour créer les droits de tirage spéciaux, c'est donc un premier pas dans cette voie auquel avaient songé les états membres, il y a quelque vingt-cinq ans, et avaient refusé.

**M. Lambert (Edmonton-Ouest):** Monsieur le président, il y a deux choses que j'ai notées. D'abord je trouve assez curieux que ce ne soit pas une forme ordinaire de traiter la tranche d'or d'autre façon que la portion des devises nationales plus les droits de tirage spéciaux. Cela dépendrait des opinions des pays membres, à savoir, ce qu'ils doivent inclure dans leurs réserves internationales.

Je pense, que cela représente une déviation de la formule ordinaire d'état de compte. Après tout, un pays présente une sorte d'état de compte sur ses réserves d'or. Et cela équivaut aux réserves liquides et en banque. Et après ça, il y a les investissements, les dépôts qui sont sujets à être retirés sous certaines conditions, mais il me semble que les droits de tirage spéciaux sont de la même nature qu'un crédit que vous établissez.

Dans le commerce, personne ne dirait d'inclure dans son bilan: «Nous avons établi une ligne de crédit pour «X» milliers de dollars ou «X» millions de dollars chez certaines institutions financières». Pourquoi entrer dans ce genre de réserves moins solides? Il est vrai que la ligne de crédit est établie mais pourquoi n'est-elle pas changée en quelque chose de concret, en une réserve concrète? Ce point est implicite dans les points qui ont été soulevés.

**M. Hockin:** Monsieur le président, cela nous ramène à une analogie faite par M. Handfield-Jones, à savoir, est-ce que le zèbre est un animal blanc avec des raies noires ou un animal noir avec des raies blanches? Toute cette question des réserves—Les opinions se répartissent, à savoir, est-ce que nous devons avoir un instrument de crédit conditionnel ou semi-conditionnel, mais que les pays ne pourraient pas réclamer comme leur appartenant complètement, et ceux qui pensent que ce qu'il nous faut c'est de créer une véritable réserve qui appartient sans condition et que chaque pays peut ajouter à ses réserves et

[Text]

needed was the creation of a true reserve asset that was theirs without question, without strings attached, that they could quite properly and legitimately put into their reserves and its presence in their reserves would affect the manner in which they regarded their own balance of payments position in the world.

• 1505

I think one reason why the discussion leading up to the decision on the SDR's took so long was that this very problem was a very difficult one to try to resolve. I think if we are frank with each other we would say that the resolution has been a rather delicate one in which the zebra has appeared. The conditions, the hedging about which the use of this reserve asset has been placed under are of a kind which I think those of us who are anxious to have the creation of a reserve asset would be able to regard as sufficiently minimal that we could legitimately say these assets are assets which are at our disposal to use as and when we need them, without question by anyone, promptly and therefore are as easy of access, say, as our holdings of United States treasury bills where one has to take some time to liquidate them and be in a position to intervene in the market.

On the other hand, those who are worried about the appearance of the creation of all kinds of unconditional liquidity in the world can say, "Aha!, but it can only be used for balance of payments reasons". There are certain rules which people have laid down as to how they will use them which means that we are reassured that they are not going to be used as an instrument of inflation in the world at large. Now, you can imagine in a situation of this sort the compromise is a delicate one, and I think those of us who were engaged in the negotiations were aware that in the public presentation of the results there might be differences of emphasis. I think the decision to agree upon the form which is before you was taken accepting this rather debatable area in the centre of what exactly this thing is all about on the hope that as countries became used to working with it and accepted it they would, in fact, come to regard it quite clearly as a full reserve asset.

That, I think, is a bit of the background that was in the discussions. I do not know whether or not it answers your question satisfactorily.

**Mr. Lambert (Edmonton West):** Well, it does to the extent that it shows me there is a difference in evaluating credit positions. I think if one takes an orthodox approach in considering the credit position, the position of

[Interpretation]

que la présence de ces sommes affecterait la façon dont ils envisagent leur balance de paiements dans le monde entier.

Une des raisons pour lesquelles les discussions qui ont abouti aux décisions sur les droits de tirage spéciaux ont été si longues, c'est qu'elles étaient très difficiles. Si nous étions honnêtes, nous dirions que la résolution était une question assez délicate, quelque chose comme la question du zèbre. Les conditions, les tergiversations au sujet de l'utilisation de ces fonds de réserves sont de telle nature que ceux d'entre nous qui prônent la création de telles réserves, considéreraient ces fonds comme si minimes que l'on pourrait dire que ce sont des sommes que nous pouvons utiliser sans question, et par conséquent, qu'elles seraient aussi disponibles que les bills du Trésor américain où on a besoin d'un certain temps pour les liquider et intervenir sur le marché.

D'autre part, ceux qui s'inquiètent de la création de toutes sortes de moyens liquides peuvent dire: «Ah! ah! mais on ne peut s'en servir que pour la balance des paiements». Certains règlements ont été établis sur l'utilisation de ces biens qui assurent que ces sommes ne seront pas utilisées pour causer l'inflation. Vous pouvez vous figurer dans une telle situation, que les compromis sont de nature plutôt délicate, et je pense que ceux d'entre nous qui s'opposaient au cours des négociations, savaient que dans la présentation des résultats au public, il pourrait y avoir une différence dans l'emphase. Je crois que la décision de nous mettre d'accord sur la forme que l'on vous a présentée a été prise en acceptant cette position plutôt précaire au sein de tout ceci dans l'espérance qu'à mesure que les pays accepteraient cette formule qu'ils en viendraient à les considérer comme de véritables fonds de réserves.

Je pense que c'est là le fond de la question. Je ne sais pas si cela répond à votre question de façons suffisante.

**M. Lambert (Edmonton-Ouest):** Oui, cela me montre qu'il y a une différence dans la dévaluation des positions de crédit. On peut considérer la position de crédit de façon orthodoxe, et si on compare cela à la position



## [Texte]

confidence that a business firm would enjoy in a community, you would look at its asset position and then if it were to include in its assets to establish a credit rating a thing such as a letter of credit that it had been granted to it by its bankers, and with a letter of credit as long as the letter is not revoked, you have pretty well unrestricted use of that credit.

There comes a point of repayment, though, and I would not have thought that on a commercial basis with letters of credit among your assets you were adopting what you would call a traditional conservative financial position and this essentially is a difference. As long as you know about it and you realize that perhaps it is required in the international field, the SDR's are, as you indicated, still in a state of evolution.

• 1510

**Mr. Hockin:** Mr. Chairman, my comment first is on the analogy of the commercial firm and the letter of credit. I would say that you might choose rather to look at this as an unconditional agreement of sale. Canada, for example, is undertaking the obligations which it would be doing if this bill were approved, would be saying to other countries, "We will agree to buy on demand from the other party SDR's up to such and such an amount in return for our own currency without question." In return the country would be able to take the Canadian dollars and intervene in the exchange markets as it wished.

Now to a certain extent this is rather like the position that we have with respect to our gold holdings. We do not use gold to intervene in exchange markets. It is considered a proper reserve asset because we know that on demand, as long as the United States maintains its present law, we can, without question, go in and sell that gold for currencies that we need to intervene in the markets. In that case of course the undertaking to buy that the United States gives is not limited quantitatively, although as we know in practice the United States has attempted to influence the manner in which countries are prepared to come in and ask for the transaction to be performed. But in their case, legally at least, the obligation to buy is unlimited. In this case the obligation to buy has a certain quantitative limit, but in terms of the quality of the obligation it is just about the same. It is an obligation which is established by law, as it would be if parliament passes this particular bill that is proposed.

So that countries would have a legal claim upon us—up to a certain amount, of selling their holdings of SDRs for our currency. Therefore it is a question of semantics to a

## [Interprétation]

de confiance d'une maison d'affaires dans une certaine région, incluriez-vous dans ses fonds en vue d'établir la position de crédit, une chose comme une lettre de crédit accordée par les banquiers, et avec une lettre de crédit, jusqu'à révocation, on a la facilité, la capacité d'utiliser ses crédits sans limite.

Mais il y a un point où il faut rembourser. Mais je ne pensais pas qu'en considérant des lettres de crédit comme des fonds que l'on adoptait une position financière, une attitude conservatrice au point de vue des finances. Et vous réalisez probablement que cela est nécessaire dans le monde des finances internationales et que les droits de tirage spéciaux, comme vous l'avez dit, sont encore dans une sorte de période d'évolution.

**M. Hockin:** Monsieur le président, je reviens à cette comparaison avec les lettres de crédit accordées aux maisons d'affaires. Il faudrait plutôt considérer cela comme un accord de vente sans condition. Le Canada, par exemple, lorsque nous prenons des obligations auxquelles nous nous engageons en adoptant ce bill, dirait aux autres pays: «Nous consentirons à acheter sur demande des droits de tirage spéciaux de l'autre partie jusqu'à un montant donné, sans question.» Et en retour, l'autre pays pourrait prendre les dollars canadiens et s'en servir sur le marchés à volonté.

Jusqu'à un certain point, cela ressemble à notre position au sujet de nos réserves d'or. Nous n'utilisons pas l'or pour nous ingérer sur le marché international. C'est une réserve parce que nous savons que sur demande et tant que les États-Unis maintiendront leur législation actuelle, nous pouvons vendre cet or pour les dollars dont nous avons besoin pour agir sur le marché et la promesse d'acheter que donnent les États-Unis n'est pas limitée au point de vue de la quantité. Mais nous savons qu'en pratique, cependant, les États-Unis ont essayé d'influencer la façon dont les pays viennent demander que cette transaction se fasse mais, légalement du moins, l'obligation d'acheter est illimitée. Dans ce cas, il y a une certaine limite quantitative sur l'obligation d'acheter. C'est une obligation qui est établie par la loi comme elle le serait si le Parlement adopte ce projet de loi.

De sorte que les pays auraient légalement et jusqu'à un certain point le droit de vendre ces droits qu'ils détiennent pour acheter de notre argent. C'est une question d'interpréta-

*[Text]*

certain extent. This asset has been deliberately created as something which is between holdings of purely conditional credit on the one hand and countries' holdings of their own reserves on the other, which of course are completely unconditional. But when you begin to look behind it some people would argue that it is a little closer to one end of the spectrum while other people would quite legitimately argue that it is a little closer to the other end.

**The Chairman:** Mr. Saltzman.

**Mr. Saltzman:** I might pursue this question of the IMF performing central banking functions. What are the difficulties involved in having the IMF serve as an international clearing house instead of currencies being traded as they are now between banks or between various institutions—That is, to have all foreign exchange currency traded through a central bank, an international central bank.

**Mr. Roberts:** On a point of order, although these are very interesting questions am I not correct that on Thursday we will have an opportunity for general discussion in this area? It seems to me that we are perhaps straying from the original purpose, which was discussing the clauses of this bill—even though they are grouped. It is not because I am unhappy with the line of questioning; it is just that we are perhaps straying from our purpose.

**The Chairman:** You will agree though that the question is related to the bill. As you have just mentioned, at 11 o'clock next Thursday we will have a briefing session, with the same officials present, in connection with this bill.

**Mr. Saltzman:** Mr. Chairman, in response to that point of order, although I appreciate the—

**The Chairman:** Mr. Saltzman, I did not refuse your question.

• 1515

**Mr. Saltzman:** I appreciate that, Mr. Chairman, but I might just point out that because this is such an esoteric subject it is sometimes difficult for us to frame questions. However, it becomes a little easier to frame questions as the discussion develops, although they may not be directly relevant to a particular clause. It so happens that the discussion emerges on this particular clause and I think it might be very useful for us to pursue these lines of questions as they develop. I know I for one

*[Interpretation]*

tion, jusqu'à un certain point. Ces réserves ont été créées pour servir de moyen terme entre, d'un côté, le crédit illimité et de l'autre côté les réserves détenues par certains pays. Mais si on examine un peu le fond de la question, il y a des gens qui pourraient dire qu'on penche d'un côté de la gamme et d'autres pourraient prétendre qu'on pêche dans l'autre extrême.

**Le président:** Monsieur Saltzman.

**M. Saltzman:** J'aimerais poursuivre sur cette question du Fonds monétaire international qui sert, en quelque sorte, de banque centrale. Est-ce que le Fonds monétaire ne pourrait pas agir comme centre de compensation, au lieu de laisser les banques ou les autres institutions s'occuper de cet échange? Est-ce que tous les échanges ne pourraient pas se faire par l'entremise d'une banque centrale?

**M. Roberts:** C'est une question très intéressante, mais est-ce que nous n'aurons pas l'occasion de débattre toute cette question jeudi? Il me semble que nous nous éloignons du but de cette séance, savoir l'étude du bill article par article. Je ne m'oppose au genre de questions posées, mais je crois que nous nous éloignons de notre but.

**Le président:** La question, vous en conviendrez, se rapporte au bill. Comme vous le mentionniez, nous aurons, à 11 heures, jeudi une séance d'information avec ces mêmes fonctionnaires supérieurs au sujet du bill.

**M. Saltzman:** Sur ce point d'ordre, monsieur le président, bien que j'admette...

**Le président:** Je n'ai pas rejeté votre question, Monsieur Saltzman.

**M. Saltzman:** Je vous en remercie. Je voudrais vous faire remarquer cependant que parce que c'est un sujet si ésotérique qu'il nous est difficile de formuler nos questions. Il est plus facile de le faire à mesure que la discussion progresse. La discussion découle de certains aspects, de certaines discussions et je crois qu'il serait utile que nous puissions poursuivre nos questions lorsqu'elles nous viennent à l'esprit.



[Texte]

could not pick these questions out of thin air. They may arise because of what someone else said.

**Mr. Gray:** Mr. Chairman, although I think that was a good suggestion it may be that either yourself, Mr. Chairman, or our witnesses would be able to suggest to a member who feels that he would like to have a more general inquiry, because of some thought that may have occurred to him in the course of a specific question, what clauses that general inquiry would relate to and that it be postponed.

**The Chairman:** But on the other hand, Mr. Gray, if a question is asked today and a reply given, there would be no need to bring it up again on Thursday. What is the difference?

**Mr. Gray:** Mr. Chairman, I am not objecting to the general concept, because I do not think we can be precisely limited to very specific questions on a subject matter of this type. I was just wondering if my suggestion would be possible. I made it more because of what it would mean to having an orderly printed record than anything else.

**The Chairman:** Thank you, Mr. Gray.

**Mr. Danson:** Mr. Chairman, I think it would help those of us who are not too familiar with the subject if the witnesses would indicate when something might better be brought into context in the general briefing. Although certain questions may be very helpful to the person asking it, I am not so certain that the rest of the group get the full benefit out of it if it is not in context. I do not mean for that reason that such questions should not be put. It is not a matter of arguing; it is a matter of studying the subject together and getting our terms of references. Obviously Mr. Lambert has a much broader knowledge of this subject than the rest of us because of what he said here and in *Hansard*. It would be helpful if this was in context. In this way would all be following the same line of thought and getting the most out of it.

While on this subject, although we have so much information that is good, sometimes I have found, as I did in my reading over the weekend, that we are reading the same thing time and time again. I quite appreciate that it is our job to look these things up ahead of time and check references but, in fact, it is very difficult for us to be selective. If some assistance could be given to the Committee in this respect we then would not have to read the same thing over again.

[Interprétation]

**M. Gray:** Il est possible, monsieur le président, que nos témoins ou vous-même puissiez indiquer aux membres du comité qui voudraient que la discussion prenne une allure plus générale quels items seront abordés lors de cette discussion générale de jeudi, et qu'alors leurs questions soient étudiées à ce moment-là.

**Le président:** D'autre part, M. Gray, si on pose une question aujourd'hui et qu'on y répond il devient inutile de ramener la question sur le tapis, jeudi; alors, quelle différence y a-t-il?

**M. Gray:** Je n'ai aucune objection, Monsieur le président, car je sais qu'il est impossible de nous limiter à des questions bien précises sur un sujet aussi vaste. Je me demandais si ma suggestion pouvait être utile.

**Le président:** Je vous en remercie.

**M. Danson:** Pour ceux d'entre nous qui ne sont pas très au courant de toute cette question il serait peut-être utile que nos témoins nous indiquent s'il serait préférable de soulever telle ou telle question lors de la séance d'information de jeudi. Certaines questions et les réponses qu'on y donne peuvent éclairer celui qui les pose mais elles deviennent inutiles pour les autres si elles n'apparaissent pas dans le bon contexte. Ce qui ne signifie pas qu'elles ne doivent pas être posées. Ce que nous voulons c'est étudier le problème ensemble. Il est évident que M. Lambert en connaît davantage que nous sur la question. Si tout était dans son contexte nous en profiterions tous davantage. Parfois, nous recevons de bons renseignements mais, parfois, nous lisons deux ou trois fois la même chose. Si le comité pouvait recevoir une aide quelconque en ce sens, nous n'aurions pas à lire la même chose à plusieurs reprises.

[Text]

I was with a study group at noon today. There were about 12 books that we could have read but four would have given us the essential details without repeating ourselves. This sort of thing would be tremendously helpful to us in our Committee work. I mention this as a suggestion, Mr. Chairman, because the present procedure is very new to me and I think perhaps it is new to many people.

**The Chairman:** Thank you, Mr. Danson.

**Mr. Handfield-Jones:** Mr. Chairman, I would be glad to pursue Mr. Saltsman's question at this time. I would also be glad to discuss it in the context of clause 11 and specifically, the changes to Article XXIII which refers to who are going to be in this scheme, which I think is really the basis for any answer. I am in your hands and his as to whether I should cover the substance now or wait until I come to Article XXIII.

**The Chairman:** Would you agree to that, Mr. Saltsman?

**Mr. Saltsman:** I think that that is a reasonable suggestion. My only reason for bringing it up at this time is that it sort of flowed from previous comments. But if it can be related to specific clauses I think it might be very useful for the purposes of the record, as was pointed out.

**Mr. Gray:** On that point, Mr. Chairman, I would suggest that you or, if you prefer, the officials should feel free to say: "Mr. Gray, what you are asking comes more fittingly under clause 11, would you mind waiting until then?" As I say, at the very least it will help our printed record, which we will want to refer to later, to be more coherent.

**The Chairman:** Thank you, Mr. Gray. If there are no further questions on clause 2 I will ask Mr. Handfield-Jones to move to clause 3.

**Mr. Handfield-Jones:** Mr. Chairman, clause 3 deals with amendments to Article III of the IMF Charter. This Article deals with the setting and adjustment of quotas in the Fund. The general point here of course is that the way in which the amount of conditional credits—the size of the general account, can be increased is by general increases in quotas. This procedure is familiar to the Committee from times in the past when quotas have been increased.

[Interpretation]

J'ai participé à une autre séance à l'heure du lunch. Nous aurions pu consulter une douzaine de livres sur le sujet discuté, mais quatre contenaient tous les détails nécessaires. Ce genre de renseignements serait très utile pour les membres du comité.

**Le président:** Merci.

**M. Handfield-Jones:** Monsieur le président, je serais heureux de continuer de répondre aux questions de M. Saltsman. Aussi, je serais heureux d'en discuter dans le contexte de l'article 11 et, plus précisément des changements à l'article 23 où l'on mentionne les pays qui vont participer à ce plan. Mais je m'en remets au président et à vous pour décider si nous allons en discuter maintenant ou attendre la discussion sur l'article 23?

**Le président:** Qu'en pensez-vous, monsieur Saltsman.

**M. Saltsman:** Je trouve la suggestion raisonnable. Je l'ai soulevée à ce moment-ci parce qu'elle découlait d'une question préalable. Mais si on peut rattacher la question à un article précis, je n'y vois aucune objection.

**M. Gray:** J'allais proposer que vous ou les fonctionnaires ne vous gêniez pas pour dire, par exemple: «Monsieur Gray, la question que vous posez se rapporte plus spécifiquement à l'article 11; voudriez-vous attendre à ce moment-là?» Cette façon de procéder ne pourra que nous aider à mieux comprendre le compte rendu imprimé de nos délibérations.

**Le président:** Merci monsieur Gray. Y a-t-il d'autres questions sur l'article 2? Sinon, je vais demander à M. Handfield-Jones de passer à l'article 3.

**M. Handfield-Jones:** Monsieur le président, l'article 3 traite des changements à l'article 3 de la charte du Fonds monétaire international. Il traite de l'établissement et de l'ajustement des quotes-parts. La façon dont le montant des crédits conditionnels et l'importance du compte général peuvent être majorés réside dans l'augmentation générale des quotes-parts. Le comité connaît cette procédure puisque dans le passé, on a effectué des rajustements de quotes-parts. On désire, par cet amendement, porter de 80 à 85 p. 100 la majorité requise pour augmenter les quotes-parts.



[Texte]

[Interprétation]

• 1520

However, the particular point of the amendment here is to provide for an increase in the voting majority required for general quota increases from 80 per cent to 85 per cent.

Now this higher majority of 85 per cent was agreed to for decisions on the allocation of SDRs, and it has been extended to decisions which can be regarded as similar elsewhere in the Fund's Charter. The change in the voting majority was essentially a political one. Under the weighted voting system of the Fund the United States has a total vote which exceeds 20 per cent of the total, therefore the United States has a veto at the 80 per cent level. But the EEC taken together have a somewhat smaller proportion of the voting strength, did not have a veto at the 80 per cent level but does at the 85 per cent level. Thus by agreeing to an 85 per cent figure for the majority required for a number of important liquidity-creating decisions in the Fund, the two major groups in the payment system, the United States and the EEC, are on the same footing.

I would like to stress that the change should not be regarded as making much difference in practice since the traditions of the Fund, which are very strong in this regard, are such that the Fund acts by consensus. All of the decisions which require the 85 per cent majority are ones which have to be taken by the board of governors of the Fund and cannot be delegated by them to the executive board, but when the executive directors make a recommendation to governors, as they will in cases like this, the governors' votes are almost always very close to being unanimous.

**Le président:** Messieurs, avez-vous des questions du sujet de l'article 4? Monsieur Trudel.

**Mr. Trudel:** Mr. Chairman, in adopting special drawing rights will we be at this time allocating far more importance to a country by using the new quota system or the new gross national product or liquidity position? You mentioned 20 per cent for the U.S.A. Could this, under their gross national product and balance of payments, be increased to 40 per cent with the new scales or charts that you anticipate using in determining the value or the importance in special drawing rights?

**Mr. Handfield-Jones:** Mr. Chairman, there is no change visualized in the way in which individual quotas are to be decided. They will continue to be based essentially on this for-

Cette majorité de 85 p. 100 a été adoptée pour l'allocation des DTS, et appliquée également en d'autres cas. Le changement dans la majorité des voix est un changement surtout politique. Les États-Unis détiennent plus de 20 p. 100 des voix totales et par conséquent, les États-Unis ont un droit de veto s'il faut une majorité de 80 p. 100. La CEE ne détient pas ce droit de veto si la majorité doit être de 80 pour 100 mais l'aura à 85 p. 100. En conséquence, les États-Unis et la CEE seront sur un pied d'égalité.

J'aimerais insister sur le fait, qu'en pratique, ça ne change à peu près rien. Ces décisions qui doivent être approuvées par une majorité de 85 p. 100 sont celles que doit prendre le Bureau de direction du Fonds et elles ne peuvent pas être référées au Comité exécutif. Toutefois, lorsque le Comité exécutif présente une recommandation au Bureau de direction, comme ce sera le cas ici, le vote du Bureau de direction est à peu près unanime.

**The Chairman:** Have you any questions with regard to Clause 4? Mr. Trudel.

**M. Trudel:** Monsieur le président, en adoptant les droits de tirage spéciaux, est-ce que nous donnerons plus d'importance à un pays par le nouveau système des quotes-parts, le produit national brut, sa position du point de vue argent liquide? Vous avez mentionné 20 p. 100 pour les États-Unis. Est-ce que ce pourcentage passera à 40 p. 100, à cause du produit national brut et de leur balance de paiements lorsque vous utiliserez cette nouvelle méthode de calcul?

**M. Handfield-Jones:** On n'envisage pas de changement dans la façon de fixer les quotes-parts individuelles. Elles seront encore principalement fondées sur la formule qui tient

[Text]

mula which takes into account output in population and trade, and this will not be changed. There may be adjustments in countries' quotas, one against the other, as countries change in relative size in the future, but these are not likely to make significant enough changes to influence these particular decision-making procedures.

**Mr. Trudel:** Is it possible, Mr. Chairman, that a country could have in this Fund a gold tranche without any other equities, whereas you could have another country that would have relied particularly on their gross national product or liquidity position without putting a gold tranche into the Fund as an equity?

• 1525

**Mr. Handfield-Jones:** No, Mr. Chairman. Every member's quota is decided in more or less the same kind of way and the quota does not become effective until the member has subscribed it—normally 25 per cent in gold and 75 per cent in his own currency. Sometimes there are provisions that the gold can be paid in installments, but in order to acquire a quota the subscription has to be made.

**Mr. Trudel:** Thank you, Mr. Chairman.

**Mr. Saltsman:** What percentage would the sterling bloc have in the Fund?

**Mr. Handfield-Jones:** May we take notice for a little addition, Mr. Chairman?

**Mr. Saltsman:** I was just wondering whether the sterling bloc would also have the veto power that the EEC and the U.S.A. possess?

**Mr. Handfield-Jones:** I am quite sure the answer is no, Mr. Chairman. The United Kingdom was, I think 10.28 per cent of the votes.

**Mr. Hockin:** I think, Mr. Chairman, part of the problem arises because of a definition of what the sterling bloc is. Perhaps it includes New Zealand.

**Mr. Handfield-Jones:** Perhaps, Mr. Chairman, I might also note that there sometimes have been questions raised whether the EEC can always be counted upon to vote as a bloc.

**Mr. Saltsman:** I think it is fairly clear though that France and some of her associates do not have a veto power. If the EEC has roughly 15 per cent I presume that France would be included in that figure and, therefore, would not possess the veto power.

[Interpretation]

compte de la population et du commerce et cela ne sera pas changé. Il y aura peut-être des révisions dans les quotes-parts des différents pays, à mesure que les pays évolueront mais il n'y aura pas de changements d'importance.

**M. Trudel:** Est-il possible, monsieur le président, qu'un pays puisse avoir, dans le Fonds, de l'or sans d'autres biens et qu'un autre se fie surtout à son produit national brut ou à sa position en liquide, sans mettre d'or dans le Fonds international?

**M. Handfield-Jones:** Non, monsieur le président. Les quotes-parts sont fixées de la même façon pour tous les pays et elles sont versées ainsi: 25 p. 100 en or et 75 p. 100 en monnaie du pays. Le versement or peut parfois se faire en plusieurs tranches.

**M. Trudel:** Merci, monsieur le président.

**M. Saltsman:** Quel pourcentage le bloc sterling représente-t-il dans le Fonds?

**M. Handfield-Jones:** Puis-je en prendre note, monsieur le président?

**M. Saltsman:** Je me demande aussi si le bloc sterling a un pouvoir de veto, comme les États-Unis et la CEE?

**M. Handfield-Jones:** Je suis à peu près sûr que la réponse est négative. Le Royaume-Uni détient 10.28 p. 100 des voix.

**M. Hockin:** Je pense que le problème découle de la définition du bloc sterling. J'inclurais peut-être la Nouvelle-Zélande.

**M. Handfield-Jones:** Monsieur le président, je pourrais également faire remarquer qu'on se demande parfois si la CEE vote toujours en bloc.

**M. Saltsman:** Je pense qu'il est à peu près clair que la France et certains de ses associés n'ont pas de pouvoir de veto. Si la CEE contrôle environ 15 p. 100 des voix on peut présumer que la France est incluse dans ce chiffre. Par conséquent, elle n'a pas de pouvoir de veto.



[Texte]

**Mr. Handfield-Jones:** That is right.

**Le président:** D'autres question, messieurs? Sinon, je demanderais à M. Handfield-Jones de nous expliquer l'article 4.

**Mr. Handfield-Jones:** Mr. Chairman, clause 4 deals with another shift in the voting majorities the adoption of the 85 per cent majority in another case. This clause deals with the amendment of Article IV, section 7 which provides for a change in the price of gold. This is the real subject of the amendment but it is dressed up in technical language.

Now the original provision gave a veto on decisions about changing the price of gold to the United States and the United Kingdom, the two countries with the largest quotas in the Fund, but to no one else. It was one of the several provisions in the original articles which gave special treatment to the reserve currency countries. With the SDR scheme coming into effect these provisions no longer have the historical necessity that they once had and the appearance of unfairness or inequitable treatment, which provisions like Article IV Section 7 of the original charter had, can be dispensed with.

I would very much like to stress in this connection that the change does not make it any easier for the Fund to change the price of gold and there certainly is no intention of using the powers which this article confers on the Fund.

**The Chairman:** Are there any questions, gentlemen?

**Mr. Lambert (Edmonton West):** Am I right that, in effects, if a country does not wish to accept the change, in essence, you have an individual veto of the change of par value?

**Mr. Handfield-Jones:** You have an individual part opt out of the general position.

**Mr. Lambert (Edmonton West):** Rather than veto it is a question of your stepping out.

**Mr. Handfield-Jones:** That is right.

**The Chairman:** Are ther any other questions? If not, we will move to clause 5.

**Mr. Handfield-Jones:** Mr. Chairman, clause 5 deals with the amendments of Article V of the Charter. The changes in Article V, section 3 relate to the status of the gold tranche which I have already commented upon. The changes with reference to section 7 of Article V deal with repurchases or repayments to the Fund.

[Interprétation]

**M. Handfield-Jones:** C'est exact.

**The Chairman:** Any other questions, gentlemen? Otherwise I will ask Mr. Handfield-Jones to proceed to explain clause 4.

**M. Handfield-Jones:** Monsieur le président, l'article 4 parle d'une autre modification dans le pourcentage des voix, de l'adoption de cette règle du 85 p. 100 dans un autre cas. L'article se rapporte au paragraphe 7 de l'article 4, qui traite du prix de l'or. Le règlement original accordait un droit de veto, lorsqu'il était question de changer le prix de l'or, à la Grande-Bretagne et aux États-Unis. Mais à personne d'autre. C'était une des multiples dispositions qui accordaient un traitement spécial à certains pays. Ces dispositions n'ont plus la nécessité historique qu'elles avaient et l'apparence d'inégalité ou d'injustice que l'on trouvait au paragraphe 7 de l'article 4 du document original peut maintenant être éliminée. Ces modifications ne permettent pas au Fonds de changer, comme il le veut, le prix de l'or.

**Le président:** Avez-vous des questions, messieurs? Oui, monsieur Lambert.

**M. Lambert (Edmonton-Ouest):** Si un pays refuse d'accepter un changement il peut opposer un veto individuel.

**M. Handfield-Jones:** Il peut signifier son opposition à la position adoptée.

**M. Lambert (Edmonton-Ouest):** Ce n'est plus là un veto. Le pays ne prend tout simplement pas part à la décision.

**M. Handfield-Jones:** C'est cela.

**Le président:** Auriez-vous d'autres questions à poser? Alors nous passons à l'article 5.

**M. Handfield-Jones:** Monsieur le président, l'article 5 traite de la charte. Les changements suggérés au paragraphe 3 ont trait à cette couverture-or dont j'ai déjà parlé. Les modifications au paragraphe 7 de l'article 5 touchent les remboursements versés au Fonds. Peut-être pourrais-je vous dire que c'est là la partie la plus complexe. On a dit que deux

[Text]

I should perhaps warn the Committee that this is the most complicated part of the original articles. It has been said that only two people really ever understood Article V, section 7—one of them is dead and the other has forgotten it.

**Mr. Gray:** Are you sure they are not the same person?

• 1530

**Mr. Handfield-Jones:** I will try and give very much of a thumbnail simplification of the situation. There are in fact three ways in which countries can repay the Fund after they have borrowed from it. They can make voluntary repayments. They repay in accordance with schedules set in loan agreements between those countries which enter into the Fund, and this is the most common way of making repayments. But they also may have to repay under the statutory provision of Article V, section 7, the essential thrust of which is that a country in debt to the Fund is supposed to pay back to the Fund one-half of the amount by which its reserves subsequently increase. In fact, because of the way in which the Funds operations have developed over the years only a quite small proportion of the total repayment flow comes under this statutory provision, and during the discussions there was a good deal of consideration given to a rather more radical reform which would have virtually scrapped the statutory repurchase provision of Article V, section 7.

This did not prove to be possible, partly because of the pressure of time, and instead a number of detailed reforms and simplifications have been made in this section and in the appendix to the Charter, which adds some of the more detailed rules—and I will not go into those unless the Committee wishes me to do so. I would note rather that a new subsection (d) has been added which gives some scope for further changes in the detailed rules and provisions of this article without going through the process of amendments itself.

**The Chairman:** Are there any questions on clause 5?

**Mr. Handfield-Jones:** Section 9 of Article V is a new provision which enables the Fund to pay interest on the creditor positions which countries have built up in the general account. Under the old articles there was no such provision. Instead, Article XII provided that the Fund could pay a dividend to members and that if it did so that income position was sufficient. It would first pay up to 2 per cent on creditor positions and thereafter

[Interpretation]

personnes, seulement, y avaient compris quelque chose. L'une est morte, l'autre a tout oublié.

**M. Gray:** Êtes-vous sûr qu'il ne s'agit pas d'une seule et même personne?

**M. Handfield-Jones:** Je vais essayer de vous expliquer, en simplifiant. Il y a trois méthodes de remboursement au Fonds. Un remboursement volontaire: on fait le remboursement suivant les conditions prévues dans l'entente de prêt conclue entre le pays emprunteur et le Fonds. C'est la méthode la plus courante. L'emprunteur peut aussi rembourser son prêt conformément aux dispositions qui apparaissent au paragraphe 7 de l'article 5. Il y est dit qu'un pays doit rembourser au Fonds une somme égale à la moitié de l'augmentation de ses réserves. Au cours des années, une très faible proportion des rentrées s'est faite ainsi. On a longuement songé à éliminer tout simplement ces dispositions prévues au paragraphe 7 de l'article 5.

Ce fut partiellement impossible à cause du facteur temps. On a plutôt apporté plusieurs modifications bien précises à ce paragraphe et à l'annexe de la charte, modifications dont je ne parlerai pas à moins qu'on me le demande. De plus un nouvel alinéa a été ajouté qui permet d'apporter certains changements sans qu'il soit nécessaire d'amender tel ou tel article.

**Le président:** Avez-vous des questions à poser, messieurs, à l'article 5?

**M. Handfield-Jones:** Le paragraphe 9 de l'article 5 permet au Fonds, et c'est là quelque chose de nouveau, de payer de l'intérêt sur les crédits accumulés par les pays au compte général. En vertu des anciennes dispositions, ce n'était pas possible. L'article 12 prévoyait plutôt que le Fonds pouvait payer un dividende aux États membres, et il l'a fait lorsque le revenu net lui permettait de le faire. Il versait d'abord jusqu'à 2 p. 100 aux



[Texte]

would pay dividends to all members in proportion to their quotas.

Last year for the first time the Fund decided that its net income position was sufficient to justify the payment of a dividend, a dividend of 1.5 per cent on creditor positions was distributed and Canada received something over \$3 million at that time.

Now the Fund's income position has very greatly improved over the years. Its operations have developed and reserves have grown, but there is some difficulty about the present provisions of the articles since dividends, as is convention in the case—conventional in terms of an international organization anyway, could be paid only from the year's net income and not from the accumulated reserves.

Under the new provision remuneration or interest can be paid on creditor positions and paid in the same way as any other expense, and it will not therefore be subject to the limitation of the net income position of the year. A similar provision will allow for a payment of interest on special drawing rights and it is expected that the rate of return will be the same on the two kinds of assets.

• 1535

I might point out that the rate of return does not have to be as high as the rate which countries can earn on holdings of foreign exchange since special drawing rights and creditor positions, both of which are or will be claims from the Fund, carry a gold, guarantee. On the other hands, it seems reasonable to pay some return on these assets to make them more attractive.

**Mr. Lambert (Edmonton West):** I was wondering what the reason was for extending the service charge to the gold tranche purchase. Was it just because it was found that the transactions on this side had not been carrying themselves and that this was really to compensate those countries which were not making any withdrawals or borrowings on their gold tranche? That seems to me to be the essence of the difference between the amended clause and the original Section 8(a) of Article V.

**Mr. Handfield-Jones:** I may be in a little confusion here myself, Mr. Chairman. Perhaps it would help if I said that there are two changes involved in Article V with relationship to the payment of interest. What the change of section 8 of Article V does is to give the Fund the power not to charge anything for members wanting to use their gold tranche. Under the old articles countries had

[Interprétation]

pays qui avaient accumulé des crédits, puis versait un dividende à tous les membres suivant leur quote-part.

L'année dernière, pour la première fois, le Fonds a décidé que son revenu net était tel qu'il pouvait justifier le paiement d'un dividende: 1.5 p. 100 pour les créataires. Le Canada a alors reçu un peu plus de 3 millions de dollars. Le revenu du Fonds s'est beaucoup amélioré au cours des années. Il a multiplié ses opérations et ses réserves se sont améliorées, mais il y a une certaine difficulté qui se présente quant aux dispositions actuelles de cet article vu que les dividendes ne peuvent être payés qu'à l'aide du revenu net de l'année et non pas des réserves.

En vertu de cette nouvelle disposition, l'intérêt peut être payé de la même façon que toute autre dépense et par conséquent ce paiement ne sera pas soumis aux restrictions actuelles. De même, on pourra payer de l'intérêt sur les droits de tirage spéciaux. On s'attend que le rendement sera le même dans les deux cas.

Permettez-moi de vous signaler que le taux de rendement n'a pas besoin d'être aussi élevé que le taux qu'un pays peut obtenir pour ses avoirs en monnaies étrangères. Puisque dans les deux cas il y a une garantie-or. Il semble toutefois raisonnable de payer un dividende sur ces avoirs pour les rendre plus attrayants.

**M. Lambert (Edmonton-Ouest):** Je me demandais pour quelle raison on avait décidé de percevoir des frais sur les droits d'entrée. Est-ce parce qu'il fallait compenser pour ces pays qui n'effectuaient aucun retrait ou emprunt sur leur couverture-or? C'est là, il me semble, la différence essentielle entre l'article modifié et l'article original.

**M. Handfield-Jones:** Je suis peut-être un peu mêlé moi-même. Il y a deux modifications à l'article 5 relatives au paiement d'un intérêt. Le paragraphe 8 de l'article 5 permet au Fonds de n'imposer aucun frais aux pays qui désirent utiliser leur couverture-or.

En vertu des anciennes dispositions, les pays devaient payer des frais lors d'un emprunt, qu'il soit effectué ou non sur la

## [Text]

to pay a service charge for drawings from the Fund, and this applied to gold tranche as well as to credit tranche drawings. Now this gives the Fund the power not to levy a charge on gold tranches and it is expected that the fund will use that power and not charge anything on gold tranche drawings because of the general thrust of a number of changes to make the gold tranche as good as other reserves. It has not been written this way because the future is unpredictable and one wanted, perhaps conservatively, to retain a power for making a charge in the future. So that is what is done in section 8 and this is on the side of charges.

What is done in section 9 is on the other side. This gives the Fund the power to pay interest to members on their creditor positions. It is called remuneration but in fact it is interest. It will be initially 1.5 per cent.

Countries acquire creditor positions in the Fund when other countries draw their currency and what normally happens is that one gives up some other kind of assets, such as U.S. dollars, and acquires this claim on the Fund. It has seemed reasonable, with the Fund in a reasonably good income position now, that members should get a return on their creditor position which will make it more comparable with the other assets they hold in their reserves. Up until the amendment this has had to be done through the dividend route but dividends can only be paid out of the current year's net income. Now the interest will be payable as a charge on gross income and thus it will be possible to pay dividends even in years when the net income is not sufficient to cover it, when some of it will have to be paid out of reserves.

There is a consequential change in Article XII—this appears in clause 7, if I may anticipate, Mr. Chairman—which deals with reserves in the payment of dividends. The amendment means that if the Fund wishes to make a dividend in the future it will first have to make up to creditors any difference between the interest that they have received and 2 per cent and then will pay a dividend across the board on quotas. I think it is very unlikely the Fund will ever pay dividends of this kind in the future once it has the power to pay remuneration on creditor positions because I think that members will find it makes more sense for the Fund to use its net earnings for its general purposes. But these provisions are made. The dividend position is effectively unchanged. What is changed is the ability of the Fund to pay interest to creditors every year regardless of its current net income position.

## [Interpretation]

couverture-or. Le Fonds peut maintenant ne pas imposer de frais sur la couverture-or. On s'attend à ce que le Fonds utilise ce pouvoir parce qu'on désire faire de la couverture-or une réserve aussi solide que les autres. Le texte a été rédigé ainsi intentionnellement parce que l'avenir est imprévisible et qu'il fallait laisser une porte de sortie à quiconque voudrait éventuellement prélever de tels frais. Le paragraphe 9, lui, permet au Fonds de verser des intérêts. Ce versement est baptisé «rémunération», mais c'est en réalité de l'intérêt. Il sera, au début, de 1.5 p. 100.

Les pays deviennent créiteurs dans le Fonds lorsque d'autres pays effectuent des retraits de leurs devises. Il semble donc juste et raisonnable, puisque le Fonds est dans une situation assez bonne, que les membres puissent obtenir une rémunération, dans ce cas-là. Jusqu'à ce que cet amendement soit apporté, il fallait recourir aux dividendes, mais les dividendes ne peuvent être payés qu'à l'aide du revenu net de l'année courante. A l'avenir nous pourrions payer les dividendes même au cours des années où le revenu net n'est pas suffisant, grâce aux réserves.

Il y a donc un autre changement qui en découle à l'article 12. Il s'agit, au paragraphe 7, de l'utilisation des réserves pour le paiement des dividendes. L'amendement signifie que si le Fonds désire, à l'avenir, verser un dividende, il devra d'abord combler l'écart auprès des créanciers entre l'intérêt qu'ils ont reçu et le 2 p. 100, puis verser le dividende aux autres membres selon leur quote-part. Je ne crois pas que le Fonds paie des dividendes de ce genre lorsqu'il aura le pouvoir de verser des intérêts aux créiteurs. Je pense que les membres trouveront qu'il est plus sensé pour le Fonds d'utiliser ses gains nets pour ses divers besoins. Mais ces dispositions sont prévues. Pour ce qui est des dividendes, ce n'est pas changé. Ce qui est changé c'est que le Fonds pourra verser un intérêt, chaque année, quelle que soit la situation de son revenu net pour l'année en cours.



[Texte]

● 1540

**Le président:** D'autres questions, messieurs? Sinon, nous allons étudier l'article 6.

**Mr. Handfield-Jones:** I really would like to jump right to clause 8, if I may, Mr. Chairman.

**The Chairman:** That is agreeable.

**Mr. Handfield-Jones:** I have dealt with clause 7.

**The Chairman:** Did you look at clause 6 too?

**Mr. Handfield-Jones:** Clause 6 is a detail change which is related to the status of the gold tranche. This was covered in my general comments.

**The Chairman:** Are there any questions or comments on clauses 6 and 7, gentlemen? We are ready to move on to clause 8. Mr. Handfield-Jones.

**Mr. Handfield-Jones:** Mr. Chairman, clause 8 deals with amendments of the provisions of Article XVIII relating to interpretation. Under the Articles of Agreement the Fund has the power to interpret its own articles. Some people felt there should be an appeal on interpretation to an outside body such as the world court or some similar judicial agency.

In view of the specialized nature of the Fund law this did not prove to be acceptable, but to reduce any possibility of unwarranted interpretations which could adversely affect the rights or obligations of members which, of course, become more important with the addition of the special drawing rights scheme, provision is made here and a comparable change is made subsequently in the special drawing account articles for the establishment of a committee of the board of governors to consider appeals from interpretations which have been made in the first instance by the executive board.

**Le président:** Avez-vous des questions, messieurs, au sujet de l'article 8?

We shall move on to clause 9.

**Mr. Handfield-Jones:** These are purely definitional changes which I have already covered, Mr. Chairman.

[Interprétation]

**The Chairman:** Any other questions, gentlemen? If not, we shall consider clause 6.

**M. Handfield-Jones:** Je voudrais plutôt passer à l'article 8, si la chose est possible, monsieur le président.

**Le président:** Allez-y.

**M. Handfield-Jones:** J'ai déjà parlé de l'article 7.

**Le président:** Et de l'article 6, également?

**M. Handfield-Jones:** A l'article 6 il s'agit d'une modification de détail ayant trait au statut de la tranche-or et je l'inclus dans mes commentaires d'ensemble.

**Le président:** Auriez-vous des questions à poser sur les articles 6 et 7?

Nous pouvons maintenant passer à l'article 8?

**M. Handfield-Jones:** Monsieur le président, à l'article 8, il s'agit des amendements portés aux dispositions de l'article XVIII qui a trait à l'interprétation. En vertu des articles de l'accord le Fonds a le pouvoir d'interpréter ses propres articles. Certains croyaient qu'il pouvait y avoir appel quant à l'interprétation, auprès d'un organisme de l'extérieur, tel que le Tribunal international de La Haye ou un autre organisme juridique du genre.

Mais, vu la nature particulière du Fonds et de ses statuts, cela n'aurait peut-être pas été acceptable mais pour réduire toute possibilité d'interprétation à la légère qui pourrait affecter vraiment les droits ou obligations des membres, ce qui devient d'autant plus important avec le nouveau programme de droits de tirage spéciaux. Ici, on prévoit une disposition en vertu de laquelle, et des modifications comparables sont prévues par la suite au compte du droit du tirage spécial, on établira un comité d'interprétation du Conseil des Gouverneurs pour étudier les appels concernant l'interprétation des accords qui sont formulés en première instance par le Conseil d'administration.

**The Chairman:** Any questions, gentlemen, on clause 8?

Nous passons à l'article 9.

**M. Handfield-Jones:** L'article 9 comporte uniquement des changements de définition que j'ai déjà mentionnés, monsieur le président.

[Text]

**The Chairman:** Are there any questions on clause 9?

**Mr. Harkness:** On page 10, clause 9 (1) (a), dealing with currencies of other members and the currencies of such non-members as the Fund may specify, what currencies would those be?

**Mr. Handfield-Jones:** The important currency would be the Swiss franc, which would be the only currency of a non-member which countries are likely to hold in their reserves.

**The Chairman:** Clause 10.

**Mr. Handfield-Jones:** This is a purely verbal change, Mr. Chairman. The title of Article XX was Final Provisions. Since we are adding about thirteen more we had to find another word for it, now known as the Inaugural Provisions.

**The Chairman:** Clause 11.

**Mr. Handfield-Jones:** Mr. Chairman, clause 11 includes all of the wholly new articles dealing with special drawing rights. The previous clauses have dealt essentially with amendments to the existing set of articles which have been consequential or technical, certainly very detailed.

With clause 11 begin the new series of articles which do contain within themselves the legal skeleton of the special drawing account.

Article XXI, Section 1, gives the Fund the general authority to allocate special drawing rights. Article XXI, Section 2, defines the unit of value of special drawing rights. Its gold content is the same as that of the United States dollar, so one unit of SDRs will be equal to one United States dollar as long as the gold value of the dollar remains unchanged. In other words, SDRs carry an absolute gold value guarantee. They will always be the same in terms of ounces of gold. They will not by definition always be the same in terms of United States dollars. They will be as long as the dollar price of gold remains unchanged.

**Mr. Lambert (Edmonton West):** What would happen, Mr. Chairman, if the United States government decided to change the gold content of the dollar? Would there have to be a statutory change in the agreement, or is there a provision such as in our statutes that there is a right for a change by regulation? This fixes the value.

[Interpretation]

**Le président:** Des questions sur l'article 9?

**M. Harkness:** A la page 10 de l'article 9(1)(a) traitant des devises des autres membres et des non-membres que le Fonds peut définir. Quelles seraient ces devises?

**M. Handfield-Jones:** La devise la plus importante serait le franc suisse, qui serait alors la seule monnaie d'un non-membre que les membres pourraient détenir dans leurs réserves.

**Le président:** A l'article 10?

**M. Handfield-Jones:** Il s'agit d'une simple modification de forme quant au titre de l'article 20 qui se lisait auparavant «Dispositions finales». Après avoir ajouté environ 13 articles supplémentaires nous avons trouvé qu'il fallait changer le titre qui maintenant sera «Dispositions inaugurales».

**Le président:** A l'article 11?

**M. Handfield-Jones:** Monsieur le président, à l'article 11, sont compris tous les nouveaux articles ayant trait aux droits de tirage spéciaux. Les articles précédents traitaient essentiellement des amendements apportés aux articles existants et étaient d'ordre technique, dont certains très détaillés.

A l'article 11, nous avons tout cet ensemble de nouveaux articles traitant des droits de tirage spéciaux; et qui comprennent la constitution juridique se rapportant auxdits droits.

A l'article XXI, section 1, on donne au Fonds l'autorisation générale d'allouer des droits de tirage spéciaux. A la section 2, on définit la valeur de l'unité des droits de tirage spéciaux. Son contenu en or est le même que celui du dollar américain. Donc, une unité des droits de tirages spéciaux sera égale à un dollar des É.-U. aussi longtemps que la valeur or du dollar demeure la même.

En d'autres mots, les droits de tirage spéciaux ont une garantie-or absolue et elle sera toujours la même exprimée en onces d'or. Mais en vertu de la définition, ce ne sera pas forcément la même valeur comparée à celle du dollar américain. Elle le sera en autant que le prix de l'or en dollars restera inchangé.

**M. Lambert (Edmonton-Ouest):** Qu'arrive-t-il alors si le gouvernement américain décide d'apporter une modification au contenu-or du dollar? Est-ce qu'il y aura une modification statutaire de l'accord ou y a-t-il une disposition dans l'accord ou dans nos statuts telle qu'un droit existe avant un changement du Règlement fixant la valeur?



[Texte]

**Mr. Harkness:** It just means that you get more United States dollars.

**Mr. Handfield-Jones:** That is right. The units of account will be U.S. dollars but U.S. dollars of the gold content of the present time. If the gold content was to change by an act of the type that you visualize, then one would have a choice; one could talk of special drawing rights in some other way if one wanted to, but in fact one would talk about units of special drawing rights as they were unchanged, and then when you entered into transactions with them you would get more United States dollars than you would have done before.

**Mr. Lambert (Edmonton West):** This is new franc-old franc business, then.

**Mr. Handfield-Jones:** Hypothetically only.

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**Le président:** Monsieur Handfield-Jones, pour participer au Compte de Tirage Spécial, il faut sans doute être membre du Fonds Monétaire International? Savez-vous, monsieur Handfield-Jones, combien de pays jusqu'à présent ont ratifié ce nouveau tirage? Pouvez-vous les nommer, s'il vous plaît?

**Mr. Handfield-Jones:** The latest figures we have on ratification, which I believe is the question you are asking, are that thirty-four members having 50.71 per cent of the total voting power have accepted the proposed amendments. But when we have the 68 members with the 80 per cent of the voting power required for entry into force, then of course it is in force for the whole membership. At that stage the members will indicate whether or not they wish to become participants in the scheme.

Article XXIII does deal with the participants and other holders of special drawing rights. Participants are those members of the Fund, as I indicated, who have exercised their right to join the scheme, and they are the only ones who get their SDRs allocated to them. The allocations we have made in proportion to their quotas are rough measures of their economic size. Of course, countries get special drawing rights by allocation without having to put up a compensating value other than the general obligation of the scheme.

[Interprétation]

**M. Harkness:** Ce qui signifie que vous obtenez simplement davantage de dollars américains.

**M. Handfield-Jones:** C'est juste. L'unité comptable sera le dollar américain mais le dollar américain de la présente parité à moins que cela ne soit modifié par une loi du genre que vous envisagez. Et alors, on aurait la possibilité de faire un choix, on pourra parler de droits de tirage spéciaux, d'une façon tout autre si on le désire, mais, en fait on parlerait d'unité de droits de tirage spéciaux comme si elles étaient inchangées, et lorsque vous entreprendrez des transactions avec les États-Unis, vous obtiendrez davantage de dollars américains qu'auparavant.

**M. Lambert (Edmonton-Ouest):** C'est en somme la relation nouveau franc-ancien franc.

**M. Handfield-Jones:** Simplement sur le plan hypothétique.

**The Chairman:** Mr. Handfield-Jones, in order to participate in the Special Drawing Rights Account, I suppose you have to be a member of the IMF? Mr. Handfield-Jones, do you know how many countries have ratified the Special Drawing Rights?

Can you name them, please?

**M. Handfield-Jones:** Pour ce qui est de la ratification, voilà les derniers chiffres que nous possédons, ce qui correspond à la question que vous posez en réalité: 34 membres représentant 50.17 p. 100 du total des votes ont accepté ces amendements. Mais lorsque 68 membres représentant 80 p. 100 sont requis pour l'entrée en vigueur, il est entendu qu'ils sont acceptés pour l'ensemble des membres. Et à cette étape, les membres indiqueront s'ils désirent participer ou non à ce nouveau programme de droits de tirage spéciaux.

A l'article XXIII il est question des participants et autres détenteurs de droits de tirage spéciaux. Les participants sont les membres du Fonds (comme je l'ai indiqué) qui ont exercé leur droit de se joindre à ce programme. Ce sont les seuls à qui l'on accorde le droit de tirage spécial. Ces allocations se font proportionnellement à leur quote-part qui est, auprès du Fonds dans les grandes lignes, à la mesure de leur puissance économique. Bien entendu, les pays membres reçoivent ces allocations de droits de tirage spéciaux, sans verser une compensation en valeurs que les obligations générales qu'impose le programme.

## [Text]

Other people besides participants can acquire special drawing rights in other ways in transactions. They of course have to pay for them in some sense or other, which does not apply in the case of allocations. There are certain rules laid down as to who other than participants can be a holder of special drawing rights. Other holders may include the general account of the Fund, may include countries which are not members of the Fund, may include countries which are members of the Fund but not participants in the special account. They may also include certain rather narrowly defined kinds of international monetary institutions such as the bank for international settlements or regional clearing unions. Some had hopes that this list would be somewhat wider and would include institutions such as the world bank but there was a rather strong feeling that this whole new business of international money or this whole business of new kinds of international money should be kept separate from the business of international aid and therefore the institutions which can be holders of special drawing rights are defined only as monetary institutions. Even so, the Fund has to approve of the holders and the terms and conditions on which holders can deal in special drawing rights.

Another general question which can arise in this context is whether private individuals or business concerns might hold special drawing rights or might have been considered for holding special drawing rights. Of course, no provision is made for private individuals or private businesses to become holders of special drawing rights, and indeed this possibility was never really actively considered since it seems really pretty clear that private individuals or businesses can much more conveniently use the national currencies of their choice as they do now. This means that official interventions in the exchange markets to maintain the stability of exchange rates will continue to be in national currencies such as the United States dollar or sterling or the French franc.

It was really this that I was thinking of when Mr. Saltsman was asking about the role of the Fund as a clearing agency. If special drawing rights were widely used in private settlements, then there would be a need for clearing balances of special drawing rights and a function for the Fund in that connection. But the fact that all of the private transactions will continue to be conducted in national currencies and that official intervention in the exchange markets will be in

## [Interpretation]

Les pays non-membres, en plus des participants, peuvent acquérir ces droits de tirage spéciaux en vertu d'autres transactions. Ils doivent évidemment payer ces droits d'une façon ou d'une autre, ce qui ne s'applique pas dans le cas des allocations. Il y a certaines règles qui sont établies concernant les détenteurs de droits de tirage spéciaux autres que les membres. Les autres détenteurs, peuvent inclure le Compte général du Fonds, des pays qui ne sont pas membres du Fonds monétaire, des pays qui sont membres mais qui ne participent pas au programme du compte des droits de tirage spéciaux et certaines institutions monétaires qui ont été précisées, entre autres, la Banque des règlements internationaux, ou les syndicats régionaux de Chambres de compensation. Certains espéraient peut-être que la liste serait plus longue qu'on incluerait peut-être des institutions telles que la Banque mondiale. Mais, on était d'un avis général bien arrêté que toute la question de cette nouvelle finance internationale devait être distincte de l'aide financière internationale et par conséquent, les institutions qui peuvent détenir des droits de tirage spéciaux, ne sont que les institutions monétaires et définies comme telles. Et même, le Fonds doit approuver les détenteurs et les conditions en vertu desquelles ces détenteurs peuvent obtenir ces droits de tirage spéciaux.

Une autre question générale qui peut se poser dans ce contexte, est de savoir si des individus, des entreprises privées peuvent ou pourraient détenir des droits de tirage spéciaux. Bien entendu, aucune disposition n'est prévue pour ces particuliers ou ces entreprises privées qui leur permettrait de détenir des droits de tirage spéciaux et même cette possibilité ne fut jamais vraiment étudiée étant donné qu'il semble assez clair que des particuliers ou de simples entreprises peuvent beaucoup plus facilement avoir recours aux devises nationales de leur choix comme ils le font maintenant. Ce qui signifie que les interventions officielles sur les marchés des changes afin de maintenir la stabilité des taux de changes se fera toujours dans les devises internationales, tel le dollar américain, le franc français, ou la livre sterling.

Et c'est ce à quoi j'ai songé lorsque M. Saltsman me demandait quel était le rôle du Fonds en tant que Chambre de compensation, si les droits de tirage spéciaux étaient vraiment utilisés pour des règlements privés, il y aurait alors nécessité d'avoir un système de compensation pour cette fonction particulière du Fonds. Mais le fait que toutes les transactions privées seront toujours faites dans les devises internationales, et qu'une intervention officielle sur les marchés des changes se fera



## [Texte]

national currencies does confine the area of transactions in special drawing rights to transactions between official agencies in exchange for national currencies, and that to the extent there is a clearing function in the Fund, this is what is its nature.

**The Chairman:** Are there any questions, gentlemen, on clause 11?

**Mr. Handfield-Jones:** I am pausing after each major article, Mr. Chairman. I would be glad to go on to Article XXIV, still within clause 11, if no one has any questions on Article XXIII.

**Le président:** Monsieur Hockin, je remarque, sur la liste que j'ai, qu'il y a seulement trois pays du groupe des 10 qui ont ratifié les accords des droits de tirage spéciaux, soit la Suède, les États-Unis d'Amérique et la Grande-Bretagne.

**M. Gray:** C'est exact.

**Le président:** A la suite des explications que vient de donner M. Handfield-Jones, avez-vous des questions, mes amis? Oui, monsieur Lambert?

**M. Lambert (Edmonton-Ouest):** Sommes-nous rendus à l'étude de l'article 24? Vous êtes encore à l'article 23.

**The Chairman:** You have covered in your explanation of clause 11 Articles XXI, XXII, and XXIII.

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**Mr. Handfield-Jones:** That is right, Mr. Chairman.

**Mr. Hockin:** Article XIII.

**Mr. Handfield-Jones:** They are all within Clause 11.

**The Chairman:** It is all on Clause 11, but these are Articles.

**Mr. Handfield-Jones:** Yes.

**The Chairman:** It is Clause 11 of Bill C-138, but it is an explanation of Articles XXI, XXII and XXIII of the Bretton Woods Agreements Act. Yes, Mr. Gray?

**Mr. Gray:** I gather, Mr. Chairman, technically at least, that by approving Clause 11 of the bill we are in effect approving all the additions to the International Monetary Fund agreement needed to create the Special Drawing Rights scheme, and since the original text

## [Interprétation]

en devises internationales, confine le secteur des transactions des droits de tirage spéciaux aux opérations intervenantes entre les banques centrales en échange de devises nationales. Voilà donc quelle est la véritable nature de la fonction de la Chambre de compensation du Fonds monétaire.

**Le président:** Messieurs, avez-vous des questions à poser? A l'article 11?

**M. Handfield-Jones:** Je fais une pause après chaque article. Je me ferais un plaisir de passer à l'article XXIV qui relève toujours de l'article 11, si personne n'a d'autres questions en rapport avec l'article XXIII.

**The Chairman:** Mr. Hockin, I see according to the list I was given that I have here that there are only three countries out of the group of 10 which have ratified the Special Drawing Rights agreements. These are Sweden, the United States and Great Britain.

**Mr. Gray:** That's right.

**The Chairman:** Following the explanations given by Mr. Handfield-Jones, do you have any other questions to put to him? Mr. Lambert.

**Mr. Lambert (Edmonton West):** Have we reached clause 24? You are still explaining clause 23.

**Le président:** Votre explication de l'article 11, comprenait-elle les articles XXI, XXII et XXIII?

**M. Handfield-Jones:** Oui, c'est juste.

**M. Hockin:** Article XXIII.

**M. Handfield-Jones:** On les trouve tous à l'article 11.

**Le président:** Tout est à l'article 11, mais ce sont des articles.

**M. Handfield-Jones:** Oui.

**Le président:** Il s'agit de l'article 11 du bill C-138, mais c'est l'explication des articles XXI, XXII et XXIII de la Loi sur les accords de Bretton Woods. Oui, monsieur Gray?

**M. Gray:** En approuvant l'article 11 du bill, on se trouve en réalité à approuver tout ce qui vient s'ajouter à cette entente du Fonds monétaire international ayant trait aux droits de tirage spéciaux. Et vu que le texte original de l'entente du Fonds monétaire international

[Text]

of the International Monetary Fund agreement was made a schedule to the original 1945 Act—when it was approved by Parliament—it permitted the adhesion of Canada to the International Monetary Fund. This means that in effect we have to add to the schedule of the original 1945 Bretton Woods Agreements Act the clauses which had been approved by the governors of the Fund and which are set forth in Clause 11 of the bill that has been referred to this Committee.

**The Chairman:** Are there any questions, gentlemen, on Clause 11 covering Articles XXI, XXII and XXIII? If not, I will ask Mr. Handfield-Jones to continue on Clause 11 covering Article XXIV—Allocation and Cancellation of Special Drawing Rights.

**Mr. Handfield-Jones:** Thank you, Mr. Chairman. This Article sets out the way in which Special Drawing Rights will be allocated to participants or cancelled, if that should ever prove to be necessary. The managing director of the Fund has to make a proposal as to the amount which should be allocated or cancelled, after making sure that there is broad support for the proposal he wants to make and after having satisfied himself that there is need for more reserves. The executive directors of the Fund must concur in this proposal and it then has to be approved by an 85 per cent majority of the votes of the governors. The general idea is that decisions will be made every five years, which is the same period that is laid down for the review of Fund quotas. It may be expected that the two kinds of decisions will in fact run together. Within the five-year period allocations will be made annually, but these are only guidelines as the fund will have the power to make decisions for different periods of time or to change the rate of allocations within a period.

A good deal of importance is attached in the text, and was attached in the negotiations, to the provision regarding the very first decision—what is known as the activation of the scheme. This has to take into account the attainment of a better balance of payments equilibrium and the likelihood of a better working of the adjustment process in the future. This is not very precise language—rather deliberately, I think, in general—but it does convey the general idea that the SDR scheme is not designed as a substitute for good policies by members or to bail out countries that are in difficulty.

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**The Chairman:** Mr. Roberts, followed by Mr. Lambert.

[Interpretation]

fut présenté en annexe à la loi de 1945, soit la loi originale, lorsqu'il fut approuvé par le Parlement, il permet l'adhésion du Canada au Fonds monétaire international. Cela signifie que nous devons, de fait, ajouter à l'annexe de la loi de 1945, de la Loi sur l'entente des accords de Bretton Woods, ces articles qui ont été approuvés par les gouverneurs du Fonds et qui sont précisés à l'article 11 du bill qu'on a déposé à notre Comité.

**Le président:** Messieurs, auriez-vous des questions à poser sur l'article 11, qui porte sur les articles XXI, XXII et XXIII? Alors je demande à M. Handfield-Jones de passer à l'article XXIV, Allocation et annulation de droits de tirage spéciaux.

**M. Handfield-Jones:** Merci, monsieur le président, Il s'agit de la façon dont les droits de tirage spéciaux sont alloués aux participants ou encore annulés si le besoin s'en fait sentir.

Le directeur général du Fonds doit formuler une proposition quant aux sommes qui devraient être allouées ou retirées, après s'être assuré qu'on appuie la proposition qu'il désire présenter, et qu'il est convaincu qu'il y a nécessité d'avoir plus de réserves. Les administrateurs du Fonds doivent être d'accord, et la proposition doit être approuvée par une majorité de 85 p. 100 des gouverneurs. Les décisions doivent être prises à tous les cinq ans, ce qui est la même période prise pour la révision des quotes-parts du Fonds. On peut s'attendre à ce que deux genres de décisions soient prises concurremment. Dans cette période de cinq ans, l'allocation sera faite sur une base annuelle. Mais ce ne sont là que des principes directeurs, vu que le Fonds aura le pouvoir de prendre des décisions pour différentes périodes données, ou encore de modifier le taux d'allocation dans une période donnée.

Une grande importance est attachée à ce texte et s'est attachée, au cours des négociations, aux dispositions ayant trait à l'activation du régime. Alors, il faut tenir compte d'un meilleur équilibre de la balance des paiements, et d'une amélioration du processus, à l'avenir.

Donc, cela laisse entendre que le programme des droits de tirage spéciaux n'est pas conçu pour être substitué à une excellente politique de la part des membres, ou encore pour tirer d'embarras les pays qui s'y trouvent.

**Le président:** Monsieur Roberts, puis monsieur Lambert.



[Texte]

**Mr. Roberts:** I take it this is a fairly key clause in the proposal and perhaps I could ask you some relatively general questions about it. It seems to me that one of the problems is that while there is general agreement that liquidity should be expanded, there is not a consensus among all countries how that liquidity should be expanded. Through the SDR scheme there is a method established by which international liquidity can be extended. I would like to ask to what extent if at all these proposals really infringe, in a non-pejorative sense, on the sovereignty of countries? You have a very general description here of the principles and purposes which should guide the managing director and the member nations in what in effect is the expansion of liquidity. However, we do have some evidence to the effect, particularly when you are dealing with liquidity problems, that since one country's deficit is another country's surplus it is not always easy to get agreement between countries and how the general problem should be approached.

In terms of restrictions on the policies which governments can pursue what does this 85 per cent voting power majority really mean? Would it be possible for a country such as Canada or France or Great Britain to have its view of how the liquidity problem should be dealt with overrun or steamrollered by this 85 per cent? This leads us into these difficult questions. If so, is that a good thing or not. If so, how do we defend Canada's interests. If not, how do we ensure that other countries will follow our general view of what the international liquidity problem requires. I think I am probably talking around the problem rather than leading directly to it, but it seems to me there are key considerations of sovereignty and how you approach economic international liquidity problems which are really tied in with this Article. I am really asking for a more expanded explanation than Mr. Handfield-Jones has given us so far.

**Mr. Hockin:** Mr. Chairman, in relation to this very point I think this line of questioning is very valid. Mr. Roberts, in raising the question, mentioned that under the present arrangements one country's deficit is another country's reserves. In effect, the liquidity in the international system now arises in two ways. One of them is through gold, and here we are at the mercy of the gold prospectors, the gold miners, the gold hoarders who may want to take it off the market or release it, and other countries that may have very large holdings of gold and may decide on their own

[Interprétation]

**M. Roberts:** C'est une disposition clé, à mon avis, et j'aimerais vous poser certaines questions générales. Il me semble que l'une des difficultés, c'est que, bien qu'il y ait accord général sur l'expansion de la liquidité, les pays ne s'entendent pas tous sur la façon dont on doit le faire. D'après le régime des droits de tirage spéciaux, il y a un accord pour l'expansion de la liquidité. Je vous demande jusqu'à quel point ces propositions interviennent dans la souveraineté des différents pays. Vous avez une description des directives que doivent suivre le directeur général et les nations membres dans l'expansion de cette liquidité. Mais nous avons certaines preuves que, lorsque l'on traite de problèmes de liquidité, parce que la dette d'un pays est le surplus d'un autre, il n'est pas facile de traiter ce problème.

Par conséquent, pour les restrictions, qu'est-ce que cela veut dire? Serait-il possible pour un pays comme le Canada, ou la France, ou la Grande-Bretagne, d'avoir ses propres idées sur la façon de régler ces problèmes de liquidité? Et la façon dont ce 85 p. 100 peut l'affecter? Comment défendre les intérêts du Canada et comment nous assurer que les autres pays vont suivre nos idées sur les conditions de cette liquidité. Il me semble qu'il y a certaines considérations clés: la souveraineté, comment régler des problèmes de liquidité qui sont déjà mentionnés à cet article. Ce que je voudrais, c'est une explication plus détaillée que celle que M. Handfield-Jones nous a donnée.

**M. Hockin:** Monsieur le président, je pense qu'on a posé de très bonnes questions sur ce point. M. Roberts, en soulevant la question, a mentionné que, d'après les présents accords, le déficit d'un pays constitue les réserves d'un autre pays. De fait, c'est la façon dont se pose le problème de la liquidité sur le marché mondial. Nous sommes à la merci des prospecteurs d'or, de ceux qui emmagasinent l'or et qui veulent retirer l'or du marché, et des autres pays qui pourraient avoir des avoirs considérables d'or et qui décideraient d'essayer d'influencer eux-mêmes le degré de

## [Text]

to attempt to influence the degree of liquidity in the system by releasing that gold into the general market or withdrawing it.

The other major line is through the accretions of reserve currencies—essentially the United States dollar and, to a lesser extent, sterling. In these cases the amount of liquidity in the system which is available to other countries to hold in the form of reserve currency assets really depends upon the balance of payments positions of these reserve currency countries, which in turn are most directly responsive to their own internal policies of all kinds—fiscal, monetary, the whole range. So, at the moment the degree of influence which Canada has on the amount of liquidity in the system is really quite minimal, to put it mildly.

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One of the declared objectives of the SDR scheme is that we would add a new reserve asset which in itself would be subject to broad international control and that through decisions to create amounts of that reserve asset, having in mind at the same time the rather declining role of gold in the system in comparison with other types of reserve assets and the determination of the reserve currency countries to reduce their balance of payments deficits so that the amount of liquidity flowing automatically from their deficits would be reduced, taking these factors into account, the international community coming together would be in a better position to control the total amount of liquidity in the international system.

The manner in which it is to be controlled is in accordance with the provisions of these Articles, and the decisions would be taken through an established international organization in which people have certain voting rights and in which their influence is dependent upon those voting rights and upon the role which their executive directors in the executive board may play, and so on. So, to the extent that Canada is an active member of the organization which is going to be taking these decisions and has—as is the case in our situation—an executive director who represents not merely Canada but three other countries as well, but nonetheless represents Canada on the executive board of the IMF, the degree of influence which Canada will have on the total amount of international liquidity in the system would be considerably enhanced in comparison with the situation as it is at present.

There is another feature which is written into the system which is designed to give countries some sense of final freedom in this, although as you will see from the way in which I present it I am not sure how real

## [Interpretation]

liquidité dans le système, en écoulant cet or sur le marché ou en le retirant.

L'autre façon serait l'augmentation des réserves de devises, particulièrement du dollar américain et, jusqu'à un certain point, de la livre sterling. Dans ce cas, le montant des liquidités mis à la disposition des autres pays sous forme d'avoir en devises de réserve dépend de l'état de leur balance des paiements. Par contre, ces pays répondent de leurs politiques intérieures: fiscale, monétaire, etc. En ce moment, le degré d'influence que le Canada peut avoir sur le montant des liquidités dans le système est vraiment infime, pour employer un euphémisme.

L'un des objectifs avoués du régime des droits de tirage spéciaux, c'est que nous ajoutions un nouveau fonds de réserve qui serait sujet, lui-même, au contrôle international, général. Et grâce à cette décision de créer des fonds de réserve, compte tenu en même temps du rôle déclinant de l'or comparative-ment aux autres réserves et de la détermination des pays eux-mêmes de réduire leur déficit de la balance des paiements, compte tenu de ces facteurs, la communauté internationale serait en meilleure position pour contrôler le montant total des liquidités dans le système international.

La façon dont ce contrôle peut s'exercer est conforme aux dispositions de ces articles. La décision serait prise par un organisme international où les pays auraient droit de vote et où leur influence dépendrait de ces voix, et du rôle que peut jouer le directeur général, les administrateurs, etc. Par conséquent, tant que le Canada sera membre actif de l'organisation qui prendra ces décisions et, comme c'est le cas pour nous, aura un administrateur qui représente non seulement le Canada, mais aussi trois autres pays, mais néanmoins qui représente le Canada au sein du Conseil d'administration du Fonds monétaire international, le degré d'influence que le Canada aura sur le montant total des liquidités dans le système sera rehaussé considérablement, comparativement à la situation telle qu'elle existe en ce moment.

Il y a un autre aspect inhérent au système et qui vise à donner aux pays un certain sens de liberté finale, bien que je ne sois pas tout à fait sûr si cette liberté est vraiment réelle, c'est-à-dire la capacité, s'ils ont voté contre la



[Texte]

that final freedom is, and that is the ability—if they have voted against the creation of the reserve assets for a time period—to refuse to accept the allocation. This means that they can refuse to accept that allocation and their undertakings in relation to it. Of course, that does not in any way stop, by their action alone, the general decision to create for the international system as a whole, and it would be most unusual for a particular country to be able to escape the effects of the decision to create liquidity in the system as a whole if they retain any trading relationships or capital relationships with other countries, because the influence comes in in that way.

However, it is very important to remind the Committee that in the provisions which Mr. Handfield-Jones has referred to, in terms of the method by which the decision is to be taken and the very highly negotiated phraseology that is used for the first decision to create reserves, they are designed to ensure that a very, very wide consensus would support whatever decision is taken. There may be one or two hold outs but they would have to be small in number and not too important in size or the 85 per cent majority would come into play. So, I think in that respect it would be unlikely for a country such as Canada at least to find itself vigorously opposed to the creation of the liquidity and still have the decision to create go ahead.

**The Chairman:** Yes, Mr. Roberts?

• 1610

**Mr. Roberts:** May I continue on this line? I very much appreciate the argument that the present system, the creation of liquidity, is really a nonrational system. It depends on accidental factors rather than factors of public policy or determination. Of course, I applaud the move to try and develop a rational system for the provision of liquidity and, of course, one wants to have it both ways. One wants to be sure that when the predominant feeling in the Fund is the correct one that it should be able to be applied to recalcitrant members, but if one's own country is a recalcitrant country it cannot, of course, be applied to you, and I appreciate that you cannot have it both ways.

I wonder from your remarks if the institution which is being established is one which may not establish a rational policy towards the expansion of liquidities through a failure to be able to operate. To an outsider, of course, the 85 per cent figure looks like a very high majority. I realize the analogy is not exact but, of course, in Parliament we manage to get by with 132 plus one. It seems to me that almost any major country could

[Interprétation]

création des fonds de réserve pour une certaine période de temps, de refuser l'allocation. Cela veut dire qu'eux-mêmes peuvent refuser cette allocation, mais cela n'empêche nullement, par cet acte, la décision prise pour le système en général. Et aucun pays ne pourrait échapper à l'effet des décisions prises par l'organisme en général. Parce que c'est de cette façon que l'influence se manifeste.

Cependant, il est très important pour le Comité de se souvenir que dans les dispositions mentionnées par M. Handfield-Jones, quant à la méthode de prendre des décisions, et la phraséologie très discutée par laquelle on exprime ces décisions, garantit que les décisions seront prises seulement après accord à peu près général. Il peut y avoir quelques abstentions, mais elles doivent être peu nombreuses et pas trop importantes, car alors la majorité des 85 p. 100 entrerait en jeu. Il ne serait donc pas probable qu'un pays tel que le Canada, du moins, se trouve vigoureusement opposé à la création de cette liquidité et ait à prendre la décision d'aller de l'avant.

**Le président:** Oui, monsieur Roberts?

**M. Roberts:** Je comprends bien l'argument selon lequel le présent système n'est pas rationnel. Il est le produit de facteurs imprévus et, par conséquent, je suis d'accord que l'on doive développer un système rationnel pour la création de liquidités. Bien entendu, on voudrait ménager la chèvre et le chou. On voudrait pouvoir appliquer certaines restrictions aux pays récalcitrants, mais on ne voudrait pas que l'on nous applique des restrictions lorsque c'est nous qui sommes les récalcitrants.

Je me demande si l'institution, telle qu'elle a été établie, ne pourrait pas lancer une politique rationnelle d'expansion des liquidités. Une majorité de 85 p. 100 semble assez substantielle à un profane, et je comprends que l'analogie n'est pas exacte parce qu'au Parlement on peut travailler en ayant 132 plus 1. Il me semble que toute grande puissance pourrait vraiment entraver les décisions prises par l'assemblée générale. Allons-nous créer une

[Text]

really throw a block into this. For instance, Great Britain could throw a block into whatever the consensus of the Fund was. Are we really creating an institution which is flexible to the general consensus of the international monetary community, or have we got ourselves into such a veto situation that we may have produced an institution that will be deadlocked in trying to deal with this difficult problem?

**Mr. Hockin:** Mr. Chairman, the attitude of the Canadian negotiators was much less sensitive on this point of having as high a qualified majority as in fact turned out. This was the result of the negotiations. However, perhaps as a kind of rationalization we consoled ourselves with the feeling that, when one stops to think of it, the decision, as Mr. Handfield-Jones has pointed out, really for the first time, to go down this road of having a kind of central bank for central banks is one kind of step, and is such a major and important role that it is very important for all major countries to go along with whatever decisions there are. Otherwise, they themselves, could really frustrate the working of the system.

Therefore, would it be sensible, in the world as we know it, for a country with as major a role to play in the international system as, say, the United States, to ram through a decision to increase liquidity to which it was firmly opposed? Would it be sensible to ram through a decision to create liquidity to which all of the countries of the European Common Market were firmly opposed? They have to act together on this to be able to veto the decision. So that when you stop to think of who could veto it and then ask yourself whether you would want to go ahead and make the decisions over their dead bodies, as it were, you feel that perhaps that qualified majority is not unreasonable considering the sensitivity of the area in which you are dealing.

**Mr. Handfield-Jones:** Mr. Chairman, in reply to Mr. Roberts question. I entirely agree with everything that Mr. Hockin said. Perhaps I could give some reassurance to Mr. Roberts that in fact the organization will be able to achieve this highly desirable degree of agreement and here I can point to the way in which the Fund has operated in the past. I was on the Executive Board of the Fund for something over four years during which time we certainly made hundreds, perhaps thousands, of decisions. I only voted once in four years. There is a very strong tradition of action by consensus. The total number of recorded votes in the Executive Board of the

[Interpretation]

institution sensible au consensus général de la communauté monétaire internationale, ou ce droit de veto la paralysera-t-il? Est-ce que nous avons maintenant une situation où le veto peut mettre en échec toute action de la part du Fonds?

**M. Hockin:** Monsieur le président, l'attitude des négociateurs canadiens était beaucoup moins sensible sur la majorité requise. Cependant, par une sorte de rationalisation, nous nous sommes consolés du fait que, à bien y penser, la décision, comme l'a dit M. Handfield-Jones, de nous engager dans ce genre de banque centrale pour les banques centrales est un pas, mais qui joue un rôle tellement important qu'il est essentiel que toutes les grandes puissances s'entendent sur toutes les décisions d'ordre majeur; autrement, elles pourraient elles-mêmes frustrer le travail du système.

Serait-il donc raisonnable, dans le monde que nous connaissons, qu'un pays ayant un rôle aussi important à jouer dans le système international, comme les États-Unis, d'imposer l'adoption d'une mesure pour augmenter la liquidité, alors que tous les pays du Marché Commun s'y opposent? Il faudrait qu'ils forment un front commun pour exercer leur droit de veto.

Par conséquent, lorsqu'on s'arrête à penser qui pourrait appliquer le veto et à nous demander si nous sommes prêts à prendre des décisions envers et contre tous, cette majorité de 85 p.c. nous semble plus raisonnable étant donné le terrain délicat où l'on se meut.

**M. Handfield-Jones:** Je suis entièrement d'accord avec tout ce que M. Hockin a dit, mais je voudrais rassurer M. Roberts que l'Organisme pourra, de fait, atteindre ce haut degré d'entente. Et, je pourrais mentionner à titre d'exemple, la façon dont le Fonds a fonctionné dans le passé. J'ai fait partie du Conseil d'administration du Fonds pendant plus de quatre ans, et nous avons pris des centaines, peut-être des milliers, de décisions. Je n'ai voté qu'une fois en quatre ans. Il y a une tradition très rigoureuse de suivre l'opinion générale. Le nombre total de votes inscrits au Conseil d'administration du Fonds est de moins de 20 et presque tous à ses débuts.



## [Texte]

Fund is under 20 and most of them were in the earlier stages. Occasionally directors will record an abstention, but that is about as far as it goes. Normally one is able to do the business of the organization without pressing issues to the point where the Board will formally divide.

The 85 per cent majority decisions are Board of Governor decisions; they are not Executive Board decisions. However, all Board of Governor decisions tend to be taken on the basis of a recommendation by the Managing Director with the concurrence of the Board or with the recommendation of the Executive Board, and here the record of the Board of Governor decisions over the past—and there is quite a record of these because the Board of Governors has to approve new members and Board changes and so forth and so on—is that once there is an agreed recommendation the majorities tend to come in at 95 per cent or higher.

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**Mr. Roberts:** Could I just ask one last question, and I apologize for taking so much time. To reverse the field and put the matter another way—I am somewhat hesitant to do it this way but I think it is a point that should be made—would it be right to say that it would be entirely possible under these provisions for the Government of Canada to be forced to hew a line in relation to its national liquidity by the consensus that has been established at the Fund which, in fact, was contrary to its desires? I have no objection to that being the case. I think that might be a very fine thing if it is the case, but if that is the effect of the situation then there is a diminution of sovereignty which should be clearly understood by the members of the Committee. I do not wish to raise it in a kind of jingoistic way but it does seem to me that there is a possible limitation on Canada's freedom of action which we should at least understand, if my analysis is correct.

**Mr. Hockin:** Mr. Chairman, this question comes up in a sense, if I may say so, rather unrealistically in that one has to compare it with the situation at present which is what I was trying to do before. At the moment we have virtually no influence on the degree of international liquidity in the system. Whether we think it is too large or too small there is nothing that we can do about it.

With respect to the decisions under this scheme we hope to have some influence. When the decision is taken then we virtually have to go along with it, but hopefully we would be in a position to have more influence over that initial decision than we have now.

## [Interprétation]

Parfois, les administrateurs prennent note des abstentions, mais c'est tout. Le travail de l'organisation se fait normalement sans qu'il soit nécessaire d'insister au point de diviser le conseil en deux factions.

Les décisions prises à une majorité de 85 p. 100 sont celles du Conseil des gouverneurs mais elles tendent toutes à se fonder sur une recommandation du directeur général avec l'assentiment du Conseil, ou sur la recommandation du Conseil d'administration et le dossier des décisions prises par le Conseil des gouverneurs dans le passé, et elles sont nombreuses puisqu'il doit approuver les nouveaux membres, les modifications du Conseil, et ainsi de suite, le dossier porte à conclure que lorsque la recommandation est appuyée, la majorité est habituellement de l'ordre de 95 p. 100.

**M. Roberts:** Une dernière question, monsieur le président. Je m'excuse de prendre tant de temps, mais si l'on prend les choses sous un autre aspect, ce que j'hésite à faire, mais je pense qu'il y a un point à élucider. Serait-il juste de dire qu'il serait tout à fait possible, d'après ces dispositions, que le gouvernement du Canada doit, au sujet de sa liquidité nationale, se plier aux décisions de la majorité du Fonds même si elles sont contraires à son désir? Je n'ai pas d'objection à cet état de chose qui est peut-être une très bonne chose, mais si tel est la conséquence de la situation, il y a donc une diminution de notre souveraineté dont les membres du Comité doivent très bien se rendre compte. Je ne veux pas sembler trop chauvin, mais il me semble qu'il y a là une restriction sur la souveraineté du Canada, que nous devrions au moins comprendre, si mon analyse est juste.

**M. Hockin:** Je pense que cette question n'est pas très réaliste en ce sens qu'il faut la comparer à la situation actuelle ce que je m'efforçais de faire il y a un instant. Nous n'avons à peu près aucune influence sur la liquidité internationale dans le système. Même si nous sommes d'avis que la liquidité est trop forte ou trop faible, nous n'avons rien à dire. D'après le nouveau programme, nous espérons acquérir une certaine influence.

Lorsque la décision est prise, il n'y a plus qu'à suivre. Mais, nous espérons pouvoir exercer une plus grande influence sur la première prise de décision, qu'à l'heure actuelle.

[Text]

**Mr. Roberts:** The cards that we hold will be getting a little bit better.

**Mr. Hockin:** That is right. That is why I think the interest of a country such as Canada, a small country with a great stake in the international payments mechanism, is really so great that it is all in our interest to try to get these decisions taken internationally because in the absence of an international decision-making process they tend to be taken by one or two countries on their own.

**Mr. Roberts:** Thank you very much.

**The Chairman:** Mr. Lambert.

**Mr. Lambert (Edmonton-West):** Yes, Mr. Chairman. To follow up on what Mr. Roberts said, I think I could put it simply: how do you get read out of the club?

I have looked at the articles to see what procedure would be followed to withdraw, shall we say, the privileges of a defaulting participant? Also, in the computation of the 85 per cent requirement, is the vote of a defaulting country included? In other words, does it participate, itself, in the decision as to whether it should be read out or not, or that some further conditions be imposed upon it because it has not been following, shall we say, the guidelines for the allocation of SDRs and what-have-you?

• 1620

**Mr. Handfield-Jones:** Mr. Chairman, in answer to Mr. Lambert's question, a country can withdraw from the Special Drawing Account whenever it wants to. It can be in default of certain obligations of the Special Drawing Account, and then certain restrictions are placed on its right to use the special drawing rights that it has. A member cannot be thrown out of the Special Drawing Account unless it is thrown out of the Fund, and for a member to be thrown out of the Fund is not really a very likely circumstance, of course. Members have withdrawn from the Fund in the past when they reached the conclusion that the obligations of membership were not obligations that they wished to continue to have. As long as a member is still a member of the Fund and has not withdrawn from the Special Drawing Account, it can still vote, and still is a member which can participate in the decision-making process. The sanctions all run in terms of restrictions on the use of the special drawing rights rather than on restrictions on other rights, including voting.

**Mr. Lambert (Edmonton-West):** In effect, then, if it were one of the major countries that was for some supposed reason completely

[Interpretation]

**M. Roberts:** Nous aurons de meilleures cartes en main, n'est-ce pas?

**M. Hockin:** Vous avez raison. C'est pourquoi je crois qu'un petit pays comme le Canada, qui a beaucoup en jeu dans le mécanisme des paiements internationaux, a intérêt à ce que les décisions soient prises au niveau international, car en l'absence d'un mécanisme international de prise de décision, les décisions sont prises par un ou deux pays de leur propre chef.

**M. Roberts:** Merci beaucoup.

**Le président:** M. Lambert.

**M. Lambert (Edmonton-Ouest):** Merci, monsieur le président. D'après ce que M. Roberts a dit, je demanderais simplement: «comment peut-on se retirer du club?» J'essaie de voir dans l'article quelle serait la procédure pour retirer les privilèges d'un participant en défaut. Et lorsqu'on calcule la majorité de 85 p. 100, est-ce qu'on compte la voix d'un pays en défaut? En d'autres termes, est-ce que ce pays participe à la décision visant à l'exclure ou à le contraindre à certaines mesures punitives s'il n'a pas suivi les directives données pour la répartition des droits de tirages spéciaux et ainsi de suite?

**M. Handfield-Jones:** Monsieur le président, en réponse à la question de M. Lambert, un pays peut se retirer du programme des droits de tirage spéciaux. Si un pays se soustrait à certaines obligations relatives à ces droits, on impose des restrictions sur le droit d'utilisation des droits de tirage spéciaux. On ne peut pas exclure un pays du programme du droit de tirages spéciaux, à moins que ce pays soit exclu du Fonds, ce qui est également peu vraisemblable. Certains pays se sont retirés dans le passé, lorsqu'ils sont venus à la conclusion que les obligations de la participation ne leur plaisaient plus. Mais aussi longtemps qu'un pays ne s'est pas retiré du Fonds ni du programme des droits de tirage spéciaux, il a toujours droit de vote.

**M. Lambert (Edmonton-Ouest):** En effet, donc, si c'était une des grandes puissances qui, pour une raison, se trouve en défaut, elle



[Texte]

in default or misbehaving entirely, it could effectively veto any decision or restriction imposed by the Fund or the participants in this scheme of special drawing rights?

**Mr. Handfield-Jones:** If any very large member decided to misbehave itself it could probably succeed in wrecking the scheme, although there is a very general obligation written in. Article XXVIII says:

...each participant undertakes to collaborate with the Fund and with other participants in order to facilitate the effective functioning of the Special Drawing Account and the proper use of special drawing rights in accordance with this Agreement.

I would have thought that it would be a very extraordinary situation if a major country were to clearly flout a general obligation of that character.

**The Chairman:** Mr. Gillespie.

**Mr. Gillespie:** Mr. Chairman, this is a supplementary to Mr. Hockin. I missed one point when you were answering Mr. Roberts' questions about Canadian influence and Canadian sovereignty. It had to do with the point you made when you said that under existing arrangements Canada has little or no influence on the size of international liquidity but that under the new arrangement of the SDR's we should have more influence. Could you expand on that? This is the part I missed. Why are we going to have more influence.

**Mr. Hockin:** Mr. Chairman, at the moment the degree of international liquidity in the system depends entirely upon what happens in the gold markets over which we have very little influence, and on what happens to the United States balance of payments and the British balance of payments, over which we have little influence. Those are essentially determined by their own internal domestic policy and to a certain extent by the degree of prosperity of their trading partners and what-have-you, but they are certainly more susceptible to domestic policy in those two countries than to other things. At the moment, the degree of influence which Canada has over the volume of liquidity in the international system is minimal.

Under the new system the intent is to create the new drawing rights in a manner which through their own balance-wheel function will determine the total volume of liquidity in the international system, because we know that gold is going to play a smaller role proportionately.

[Interprétation]

pourrait imposer le veto à toute décision ou restriction imposée par le Fonds monétaire international ou ceux qui participent au programme des droits de tirage spéciaux.

**M. Handfield-Jones:** Si une grande puissance décidait de ne pas se plier aux exigences, elle réussirait probablement à détruire tout le programme, rien que l'article 28 dit:

...chacun des participants s'engage à collaborer avec le Fonds et avec les autres participants en vue de faciliter le fonctionnement efficace du Compte de Tirage Spécial et l'utilisation appropriée des droits de tirage spéciaux en conformité avec le présent Accord.

J'estime que ce n'est que dans une situation extraordinaire qu'une grande puissance se permettrait de se moquer d'un engagement de ce genre.

**Le président:** Monsieur Gillespie?

**M. Gillespie:** Une question supplémentaire à celle de M. Hockin. Je n'ai pas bien compris ce que vous avez dit au sujet de l'influence et de la souveraineté du Canada. Vous avez dit que le Canada n'a pas d'influence, ou si peu, sur le montant de la liquidité internationale, mais que le Canada aurait beaucoup plus d'influence en vertu du nouvel accord. Pourriez-vous nous dire en quoi nous aurons plus d'influence?

**M. Hockin:** Monsieur le président, en ce moment, le degré de liquidité internationale dans le système dépend entièrement du marché de l'or et de la balance des paiements des États-Unis et de la Grande-Bretagne, sur lesquels nous n'avons pas beaucoup d'influence. Ces facteurs sont déterminés par la politique interne et, jusqu'à un certain point, par la prospérité de leurs associés commerciaux, et ainsi de suite, mais ils sont certainement plus sensibles aux politiques internes de ces deux pays que toute autre chose. Par conséquent, en ce moment, l'influence du Canada sur le volume de liquidité dans le système international est très infime.

D'après le nouveau système, on vise à créer des droits de tirage qui par leur propre équilibre de fonctionnement détermineront le volume total de liquidité dans le système international, car il est entendu que le rôle de l'or va diminuer proportionnellement.

[Text]

We also know that the United States and the United Kingdom are not going to allow their balance of payments situation to continue in deficit, so that you will not have the liquidity coming from there. Therefore, the expectation is that in large measure a lot of the increases in liquidity, which will come about in the system, will come about as a result of deliberate decisions to create SDRs' and Canada as a member of the IMF will have a role in that decision-making process. We do not have it at the moment in terms of the creation of the existing forms of liquidity.

Perhaps I should take this opportunity of specifically reminding the group that I am not talking here about the amount of conditional liquidity. We have the same kind of influence on the degree of conditional liquidity in the form of the size of the Fund quotas on the present system that we would have in the new system for the creation of unconditional liquidity in the form of the SDR scheme.

**The Chairman:** Are there any more questions, gentlemen?

**Mr. Danson:** Mr. Chairman, I think Mr. Handfield-Jones mentioned that some countries have withdrawn from IMF because they were not prepared to meet the obligations. Were there any specific obligations? It would be interesting to know which the countries were and what their ultimate fate was. How did they manage in so far as their foreign exchange problems are concerned?

**Mr. Handfield-Jones:** The two *causes célèbres* in this piece of history, Mr. Chairman, are Cuba and Czechoslovakia. Undoubtedly they were both going to withdraw anyway. The issue as between the Fund and Cuba was on the repayment of the outstanding debts to the Fund and, in fact, this was settled amicably enough with an agreement on the schedule of payments and Cuba withdrew.

The Czech case was perhaps more interesting from this point of view because there was a very real dispute over the rights and obligations of membership in this case. I want to make it quite clear to the Committee that I am speaking from hearsay in this connection—it was long before my time—but in the end, funnily enough, the obligation which was essential to the Fund and most difficult for Czechoslovakia was the obligation to supply information. Members must supply certain basic kinds of information to the Fund for the operation of the Fund's policies—information on trade and reserves—and the Czech government was not willing to supply that information. It was following this that the withdrawal took place.

[Interpretation]

Nous savons aussi que les États-Unis et la Grande-Bretagne ne permettront pas que leur balance de paiements demeure déficitaire, de sorte qu'il ne faut pas s'attendre à ce qu'une augmentation de la liquidité vienne d'eux et qu'elle devra se produire dans le système à la suite de la décision délibérée de créer les droits de tirage spéciaux, et, le Canada, en tant que membre du Fonds monétaire international, jouera un rôle dans ce processus de décisions. En ce moment, nous n'avons aucun rôle à jouer dans la création de la liquidité actuelle.

Je devrais profiter de l'occasion pour rappeler au Comité que je ne parle pas du montant de liquidité conditionnelle. Nous avons la même influence sur le volume de la liquidité conditionnelle, sous forme de quotas, dans le système actuel, que nous aurons dans le nouveau système, sur la création de la liquidité conditionnelle sous forme de droits de tirage spéciaux.

**Le président:** Avez-vous d'autres questions, messieurs?

**M. Danson:** Je crois que M. Handfield-Jones a mentionné que certains pays se sont retirés du Fonds international, parce qu'ils ne voulaient pas remplir leurs obligations. Est-ce qu'il s'agissait d'obligations précises? Pouvez-vous nous dire quels sont ces pays et comment ils se sont tirés d'affaire, surtout en ce qui a trait à leurs problèmes de devises?

**M. Handfield-Jones:** Cuba et la Tchécoslovaquie sont les deux pays en cause. Ils devaient se retirer de toute façon. En ce qui concerne Cuba, la question qui se posait, c'était le remboursement des dettes envers le Fonds, mais cela a été réglé à l'amiable avec un accord sur des termes, des modalités de paiement.

Le cas de la Tchécoslovaquie est plus intéressant, car il y a eu une véritable dispute sur les droits et les obligations de la participation. Ce sont des choses que j'ai entendu dire, j'étais là avant mon temps, mais en fin de compte, il est assez curieux que l'obligation, indispensable au Fonds et difficile pour la Tchécoslovaquie, c'était de fournir des renseignements. Les membres doivent fournir certains renseignements de base sur le fonctionnement, sur le commerce et sur les réserves et la Tchécoslovaquie n'était pas prête à fournir ces renseignements. C'est à la suite de cela que la Tchécoslovaquie s'est retirée.



## [Texte]

**Mr. Gray:** Mr. Chairman, it occurred to me that before proceeding with our review of the bill we might take a moment to consider how much longer we are going to sit this afternoon.

**The Chairman:** In fact, it was my intention to ask that question, Mr. Gray. Gentlemen, this meeting started at 2:30 p.m. Is it agreeable to the members that we adjourn at 5 o'clock?

**Mr. Gray:** I was going to enquire whether we contemplated sitting this evening.

**The Chairman:** There is no question of sitting tonight, Mr. Gray. Is it agreeable, gentlemen, that we adjourn at 5 o'clock until Thursday?

**Some hon. Members:** Agreed.

**The Chairman:** Do you have any other questions, Mr. Gray?

**Mr. Gray:** No. Thank you very much, Mr. Chairman.

**The Chairman:** Are there any other questions, gentlemen, on Clause 11, Articles XXI, XXII and XXIII? If not, I will ask Mr. Handfield-Jones to proceed with his remarks concerning Article XXV of Clause 11.

**Mr. Handfield-Jones:** Mr. Chairman, this long and complex Article sets out the rules for the use of SDRs. It is obviously a particularly important and interesting part of the amendments, and perhaps I should give a simplified picture of the way it will function. Basically a participant can use its SDRs to get the currency it wants from other participants and in exchange the latter gets the SDRs.

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A country wishing to do so can go to the Fund and ask the Fund to designate a country to supply the currency. When designated in this way, countries have an obligation to supply currency and accept SDRs up to an amount equal to three times what they have been allocated. This is the fundamental obligation of countries in the scheme and it provides the fundamental assurance that SDRs can be used. Domestic money gets its value because it can be used to settle debts. This similar power of legal tender is the basis for the value of SDRs.

## [Interprétation]

**M. Gray:** Monsieur le président, il m'a semblé qu'avant de procéder à l'examen du bill, nous pourrions prendre un moment pour étudier, pour songer à la longueur de la séance de cet après-midi.

**Le président:** J'avais l'intention de poser cette question, M. Gray. Nous avons commencé la réunion à deux heures et demie et nous pourrions ajourner à cinq heures. Êtes-vous d'accord?

**M. Gray:** J'allais vous demander si nous allions siéger ce soir.

**Le président:** Il n'est pas question de siéger ce soir, monsieur Gray. Alors vous êtes d'accord qu'à cinq heures nous levions la séance pour siéger jeudi?

**Des voix:** D'accord.

**Le président:** Avez-vous d'autres questions, monsieur Gray?

**M. Gray:** Non, merci beaucoup, monsieur le Président.

**Le président:** Messieurs, avez-vous d'autres questions sur l'article 11, paragraphes XXI, XXII et XXIII? Sinon, je vais demander à M. Handfield-Jones de passer au paragraphe XXV de l'article 11.

**M. Handfield-Jones:** Monsieur le président, cet article long et complexe établit les règles pour l'utilisation du droit de tirage spécial. De toute évidence, il est important, c'est la partie la plus intéressante de l'amendement, peut-être devrais-je vous donner une présentation simplifiée de son fonctionnement. Essentiellement, les participants peuvent utiliser leurs droits de tirage spéciaux pour obtenir les devises qu'ils désirent auprès des autres participants et, en échange, le dernier a le tirage spécial.

Un pays qui désire ainsi procéder peut se présenter au Fonds monétaire et demander à ce dernier de désigner un pays qui pourrait lui donner ces devises. Lorsqu'ils sont ainsi désignés, les pays doivent alors fournir ces devises et accepter le droit de tirage spécial jusqu'à une somme équivalant à trois fois leurs allocations. C'est là l'obligation fondamentale des participants au programme, qui fournit l'assurance fondamentale qu'on peut avoir droit à l'utilisation des droits de tirage spéciaux. L'argent d'un pays tire sa valeur du fait qu'il peut servir à régler des dettes. Le même pouvoir d'adjudication légale est le fondement de la valeur des droits de tirage spéciaux.

## [Text]

A country can use its SDRs in this way automatically, unconditionally, and without challenge, but there are certain safeguards against abuse. Countries are expected to use their SDRs only if they need to do so, not simply to switch out of SDRs and into currencies or gold when their total reserves are stable or growing.

A particular use cannot be challenged beforehand, but a country may tell a country afterwards that it is failing to meet this obligation and it will then be expected to restore its holdings of SDRs.

Moreover, a country is not supposed to use up all its SDRs on a permanent basis, even if it does have a need in the sense that it is losing reserves. Countries are expected to hold a minimum balance of 30 per cent of the SDRs that have been allocated to them but this 30 per cent is averaged over a five-year period. It can go below the 30 per cent level sometimes, as long as it goes over it at other times. These particular rules, incidentally, are set out in a schedule rather than in the main article and can be changed by an 85 per cent majority of the Board of Governors.

A particular case of overuse of SDRs which is likely to be very rare, can give rise to negative balances. Suppose the country has used up most of its SDRs and a decision is then taken by the Fund to cancel some of the SDRs which have been allocated in the past. This is a sort of negative allocation decision. The country may then find itself in the position of not having enough SDRs to meet the cancellation decision and it is then said to have a negative balance. It is under a special obligation to eliminate this sort of overdraft situation.

These three circumstances need reconstitution, and negative balances appear in a number of sections of this Article. Thus, when the Fund comes to designate countries to supply currency in exchange for SDRs, the Fund will give priority to those countries which need to acquire SDRs to offset the failure to meet the needs test, to reconstitute, or to eliminate negative balances.

Even if such countries are not designated, others can get currencies from them for SDRs, with their agreements, and countries can supply SDRs to such countries even if they themselves do not have a need to use

## [Interpretation]

Un pays peut utiliser ces droits de tirage spéciaux de cette façon, de façon automatique, sans condition et sans qu'on mette en doute ces droits. Mais pour éviter des abus, on s'attend à ce que les pays n'utilisent leurs droits de tirage spéciaux que si le besoin s'en fait sentir, et non simplement pour avoir des changes en or ou en devises lorsque leurs réserves sont stables et en pleine croissance.

Une utilisation donnée ne peut être contestée avant, mais un pays peut dire à un autre pays, par la suite, qu'il ne répond pas à ses obligations, et alors on s'attend à ce qu'il rembourse ses réserves en droits de tirage spécial.

De plus, un pays n'est pas censé utiliser tous ses droits de tirage spéciaux de façon permanente, même si le besoin se fait sentir en ce sens qu'il perd de ses réserves. On s'attend à ce que le pays détienne une balance minimale de 30 p. 100 des droits de tirage spéciaux qui leur ont été alloués, mais ces 30 p. 100 sont la moyenne pour une période de cinq ans, cela peut aller en-dessous de ce niveau de 30 p. 100 à l'occasion, du moment que cela le dépasse à d'autres périodes. Ce rôle, rappelons-le, est prévu dans une annexe plutôt que dans l'article principal et peut être modifié en vertu d'une majorité de 85 p. 100 du Conseil des gouverneurs.

Si on utilise trop les droits de tirage spéciaux, situation qui se présentera rarement, cela peut donner lieu à des balances déficitaires.

Supposons qu'un pays ait utilisé la plupart de ses droits de tirage spéciaux et qu'alors le Fonds décide d'annuler une partie des droits de tirage spéciaux qui ont été alloués par le passé. C'est une sorte d'allocation négative. Le pays alors se trouve dans une situation telle où il n'a pas suffisamment de droits de tirage spéciaux pour répondre aux exigences de l'annulation, et alors sa balance est déficitaire. Il a l'obligation de faire disparaître cet état de choses.

Ces trois circonstances nécessitent une reconstitution, et les balances déficitaires figurent à un certain nombre de paragraphes de cet article et ainsi lorsque le Fonds désigne les pays pour fournir les devises en échange de droits de tirage spéciaux, le Fonds donnera priorité aux pays qui ont besoin de droits de tirage spéciaux pour rétablir l'équilibre du fait qu'ils n'ont pu répondre aux exigences et reconstituer ou encore faire disparaître une balance déficitaire.

Même si de tels pays ne sont pas désignés, d'autres peuvent obtenir des devises de ces derniers aux fins du droit de tirage spécial avec leur entente et ces pays peuvent fournir ces droits de tirage spéciaux à certains pays,



[Texte]

them. Finally, the General Account of the Fund can provide SDRs to countries who are required to get them under the three tests.

A lot of the language of this Article is taken up with need, reconstitution and negative balances but I have tried to dispose of them because they should not be regarded as the normal circumstances. One needs to cut through this language, I think, to understand what the more normal workings of the scheme will be. It is not expected that countries will fail to meet the test of need nor to overuse their SDRs and certainly not to experience negative balances. I would like to now discuss the Article ignoring these particular provisions.

First, a word about designation. It is proposed that the Fund should designate countries to supply currency for SDRs in such a way that the countries in relatively strong balance of payments positions will be asked to hold SDRs in excess of their allocations more or less in proportion to their reserves.

At any time the Fund is obviously going to have some sort of list of countries which are in strong balance of payments positions, who are in a position to acquire more SDRs and to give up currencies in exchange for them, and there will be some calculations about the amounts which each could take. This sort of thing goes on in the General Account now. There is a sort of a currency budget which is run by the Fund on a continuing basis to make sure that countries who need to draw from the Fund can get currencies without too much trouble, and the same sort of thing will undoubtedly operate in the special drawing accounts.

It will not matter very much to the drawing country, the country with SDRs and wanting to use them, what other country is designated to be the partner in the transaction since the drawee country is obliged to supply, either directly or indirectly, whatever particularly currency the drawer wants.

Let me illustrate this with an example, Mr. Chairman. Suppose that Canada wishes to use some of its SDRs and what it wants in exchange is U.S. dollars, which is what it will normally want in exchange. Suppose, in turn, that the fund designates New Zealand. New Zealand can supply U.S. dollars directly to Canada if it wishes. It will have discharged its obligation to do so, but it does not have to. After all it cannot be assumed that every country will have every currency.

[Interprétation]

même si eux-mêmes n'en ont pas. Enfin le compte général du Fonds peut fournir des droits de tirage spéciaux à des pays qui doivent l'obtenir en vertu des trois exigences.

Une bonne partie du libellé de cet article parle de besoin, de reconstitution et de balance déficitaire, mais seulement j'ai essayé d'en finir avec ces dispositions parce qu'on ne doit pas les considérer comme des circonstances normales. On doit voir clair dans tout ce libellé afin de comprendre le fonctionnement normal du régime. On ne prévoit pas que les pays manquent aux exigences du besoin ou qu'ils abusent des droits de tirage spéciaux avec des balances déficitaires.

Tout d'abord, parlons de la désignation. On prévoit que le Fonds désignera les pays qui fourniront les monnaies pour le droit de tirage spécial de façon que les pays qui ont une balance de paiement assez forte se verront demander d'avoir des droits de tirage spéciaux en excédent de leur allocation plus ou moins proportionnellement à leurs réserves.

Mais le Fonds aura toujours une liste qui sera établie pour ce qui est des devises qui ont une situation de balance de paiement assez forte et qui sont en mesure d'obtenir un plus grand nombre de droits de tirage spéciaux, de donner des devises, des monnaies en échange, suivant les possibilités. C'est ce qui se fait au Compte général maintenant. Disons qu'il y a un budget de devises qui est administré par le Fonds monétaire afin que ceux qui doivent en faire des retraits, le fassent pour le compte de droits de tirage spéciaux.

Peu importera pour ce qui est des pays qui ont des droits de tirage spéciaux et qui veulent s'en servir, ce que sera l'autre pays désigné comme partenaire dans la transaction, vu que celui qui utilisera ses droits se doit de fournir directement ou indirectement les devises que désire obtenir celui qui veut utiliser ces droits de tirage spéciaux.

Permettez-moi de vous donner un exemple, monsieur le président. Admettons que le Canada désire utiliser une partie de ses droits de tirage spéciaux et que ce qu'il désire en échange, ce sont des dollars U.S. qu'il voudrait obtenir normalement. Supposons que le Fonds désigne la Nouvelle-Zélande. La Nouvelle-Zélande peut fournir des dollars U.S. au Canada si elle le désire et elle peut s'occuper de ses obligations, mais elle n'est pas tenue de le faire. Après tout, on ne peut conclure que chaque pays aura toutes les devises.

*[Text]*

New Zealand is a member of the sterling area and is likely to hold, does hold, largely sterling in its reserves. It can discharge its obligations under the scheme if it supplies another key currency such as sterling, and arrangements will be made, presumably in this case with the Bank of England, to convert this sterling into U.S. dollars for Canada.

So there is a network of conversion arrangements so that whatever country is drawing and whatever other country is designated, the drawing country will be able to get the currency it wants. And the Fund has the power in these Articles to specify the exchange rates for the various conversions in such a way that Canada will get the same amount of dollars whoever is designated and whatever channels of conversion are used.

While this designation process thus gives an absolute assurance to users that they can get the currency they want for their SDRs, they are not obliged to use the designation process but may enter into transactions with other countries by agreement. There are two important circumstances in which this freedom applies.

Any country holding more special drawing rights than have been allocated to it can obtain currency from a country holding less special drawing rights than have been allocated to it by agreement, and in these circumstances the user does not have to meet the needs test. This is to bring everyone back to the starting point, as it were, and this is regarded as the type of transaction which cannot possibly involve the scheme in any abuse or difficulty.

Secondly, a country may use its SDRs to redeem its own currency held by another country. This is particularly important for a country like the United States, which will be able to supply SDRs rather than gold to a country which wants to convert its U.S. dollars as long, of course, as that country agrees to accept special drawing rights.

This provision does not give a special privilege to the United States. Rather, it makes sure that the United States does not end up in an unusually adverse position in the scheme, because the main circumstances in which a reserve currency will wish to use SDRs is in this particular way. Of course, it is not in the same position as countries which use and seek to acquire reserve currencies.

*[Interpretation]*

La Nouvelle-Zélande est membre de la zone sterling et aura sans doute des réserves en sterling. Elle peut s'acquitter de cette obligation en vertu du régime si elle fournit une autre devise que le sterling, et des dispositions seront prises sans doute, dans ce cas-ci, avec la Banque d'Angleterre, pour convertir ces sterlings en dollars U.S. pour le Canada.

Donc, il y a tout un réseau de dispositions de conversion permettant au pays qui effectue le tirage, quel que soit le pays désigné, de l'obtenir. Le Fonds monétaire peut en vertu de ces articles spécifier le taux de change pour les différentes transactions de conversion, de façon que le Canada ait le même montant de dollars que celui désigné quelles que soient les voies de conversion qui sont utilisées.

Alors que ce processus de désignation donne l'assurance absolue à ceux qui l'utilisent, qu'ils peuvent obtenir les devises qu'ils désirent obtenir pour leurs droits de tirage spéciaux, ils ne sont pas tenus d'avoir recours à ce processus de désignation, mais peuvent conclure une transaction avec d'autres pays en vertu d'une entente. Il y a deux circonstances qui importent ici où cette liberté vaut.

Tout pays détenteur de plus de droits de tirage spéciaux que celui qui lui a été alloué peut obtenir des devises d'un pays ayant un moins grand nombre de droits de tirage spéciaux que ceux qui lui ont été alloués en vertu d'une entente, et dans ces circonstances, ceux qui les utilisent n'ont pas à répondre à l'épreuve des besoins. On revient là où on était tout d'abord, et cela est considéré comme étant le genre de transactions qui peuvent vraiment entraîner des abus ou des difficultés pour ce régime.

Deuxièmement, un pays peut utiliser ses droits de tirage spéciaux pour acheter ses devises détenues par un autre pays. Cela est d'autant plus important pour un pays tel que les États-Unis qui seront en mesure de fournir les droits de tirage spéciaux plutôt que de l'or à un pays qui désire convertir ses dollars U.S., aussi longtemps, bien entendu, que ce pays convient d'accepter les droits de tirage spéciaux.

Ces dispositions ne donnent pas un privilège spécial aux États-Unis mais plutôt, c'est sûr que les États-Unis ne se trouvent pas dans une situation plutôt défavorable en vertu de ces régimes du droit de tirages spéciaux parce que la principale circonstance en vertu de laquelle ils utilisent ces droits de réserves, c'est de cette façon. Ce n'est pas la même chose pour les pays qui, eux-mêmes utilisent et essaient d'obtenir des devises de réserve.



[Texte]

It may be noted that this article is written largely in terms of transactions between participants. Transactions involving other holders will be guided by the regulations laid down for them under the general authority of Article XXIII, but it is expected that that they will closely parallel the rules for participants.

However, rules are laid down for transactions by and with the General Account of the Fund in Section 7. I apologize for having spoken at such length but this does seem to be a central provisions, Mr. Chairman.

**The Chairman:** Thank you, Mr. Handfield-Jones. Are there any questions, gentlemen, on Article XXV of Clause 11? Mr. Roberts?

• 1640

**Mr. Roberts:** May I just go back to get something clear in my own mind. The drawing right is three times the SDR quotas that one has oneself, or can one draw up to three times the quota of the country from whom you are drawing?

**Mr. Handfield-Jones:** The acceptance obligation is governed by a ceiling of three times the Special Drawing Rights that have been allocated to you. Suppose over a period of years one has been allocated 100,000 units of Special Drawing Rights—or 100 million, whatever the figure might be—you are then subject to designation until you hold 300,000, or 300 million, units of Special Drawing Rights.

In the first instance, if you have been allocated 100,000 units you are then required to take an additional 200,000 to bring you to your ceiling or three times your allocation. Is the arithmetic quite clear?

**Mr. Roberts:** No, you lost me.

**The Chairman:** Yes, Mr. Gillespie?

**Mr. Gillespie:** As a supplementary, I wonder if you could actually use an example of what you think the Canadian allocation is and then just take one, two or three different examples which we might be able to follow through as to the kind of position that Canada might find itself in.

**Mr. Handfield-Jones:** This has to be rather hypothetical, Mr. Chairman. I will be glad to do so.

**Mr. Gillespie:** If it is difficult to do right now, Mr. Chairman, perhaps these could be prepared as an exhibit which might be discussed at the time of the briefing.

[Interprétation]

Cet article a trait essentiellement aux transactions entre les participants. Les transactions entre les autres détenteurs suivent les règlements prévus en vertu de l'autorité de l'article XXIII, mais on s'attend à ce que ce soit très parallèle aux règlements des participants.

Mais seulement, on établira des règles pour les transactions selon le compte général du Fonds monétaire à l'article 7. Je m'excuse d'avoir donné une aussi longue explication mais voilà une disposition clé.

**Le président:** Merci, monsieur Handfield-Jones. Auriez-vous des questions, Messieurs, sur l'article XXV, de l'article 11? Sinon, croyez-vous...

**M. Roberts:** Permettez-moi de revenir simplement pour voir au juste ce qu'il en est des droits de tirages spéciaux à être trois fois l'allocation des droits des tirages spéciaux qui nous est allouée. On peut tirer jusqu'à trois fois la quote-part du pays.

**M. Handfield-Jones:** L'acceptation des obligations est vue, est régie par un maximum de trois fois les droits de tirages spéciaux qui vous ont été alloués. Disons qu'on s'est vu alloué 100,000 unités de droits de tirages spéciaux ou 100 millions, enfin quels que soient les chiffres, alors vous êtes sujet à la désignation jusqu'à ce que vous déteniez 300,000 unités ou 300 millions d'unités de droits de tirage spéciaux. Dans le premier cas, si vous avez une allocation de 100,000 unités, alors, vous devez prendre 200,000 unités additionnelles pour vous porter à votre maximum de trois fois votre allocation. Est-ce que vous comprenez?

**Mr. Roberts:** Pas du tout.

**Le président:** Monsieur Gillespie?

**M. Gillespie:** J'aurais une question complémentaire à poser. Pourriez-vous donner un exemple de ce que peut représenter une allocation et prendre simplement un ou deux ou trois exemples que nous pourrions suivre. Ainsi nous pourrions comprendre le genre de situation dans lequel le Canada pourrait se trouver.

**M. Handfield-Jones:** Ce serait pure hypothèse, mais je veux bien.

**M. Gillespie:** Peut-être pourrait-on préparer de ces exemples au moment de l'exposé?

[Text]

**The Chairman:** I think that would be the best way, Mr. Handfield-Jones. Perhaps we could reproduce it and make it available to everybody.

**Mr. Handfield-Jones:** Yes. We will have a table to illustrate the various contingencies.

**The Chairman:** Mr. Roberts?

**Mr. Roberts:** It may sound silly, but what I do not really have clear in my mind is whether the quota which you are given is a right to draw against other people or that other people have a right to draw against you?

• 1645

**Mr. Handfield-Jones:** It is both, Mr. Chairman. I think this point should be cleared up. The amount of SDRs you get will be expressed as a percentage of your quota. Suppose the total amount of Special Drawing Rights that you receive in the first five year period is one million. One can visualize movement in one of two directions. If you find yourself needing to use your Special Drawing Rights, you can use your million and get a million equivalent U.S. dollars or sterling, whatever currency you want, and this takes you down to a zero position.

Alternatively, if you are in a relatively strong balance of payments position, the Fund may designate that you take Special Drawing Rights in exchange for currency and you may then have to take up to two million, in addition to the million that you got which would take you up to three million.

**Mr. Roberts:** Thank you.

**Mr. Handfield-Jones:** You could then take it a further step and say that if at a subsequent time you got in need you could use the whole three million.

**The Chairman:** Any other questions, gentlemen, on Article XXV, Clause 11? If not, will we stop there or ask Mr. Handfield-Jones for an explanation of Article XXVI?

**Mr. Handfield-Jones:** I believe, Mr. Chairman, that I could probably finish my presentation on the remaining Articles in one run, if that would suit the Committee.

**The Chairman:** Is that agreeable to you, gentlemen?

**Some hon. Members:** Agreed.

**Mr. Handfield-Jones:** Mr. Chairman, I will deal first with Article XXVI. This Article provides for interest, charges and assessments. It is rather parallel to the provision regarding remuneration in the General Accounts. Countries holding more SDRs than have been allocated to them will receive net

[Interpretation]

**Le président:** Ce serait la meilleure façon de procéder. Nous pourrions en imprimer le texte et le mettre à la disposition de tous.

**M. Handfield-Jones:** D'accord.

**Le président:** M. Roberts?

**M. Roberts:** Ce que je n'ai pas compris, c'est ceci: la quote-part que vous vous êtes allouée vous permet de toucher contre d'autres ou à d'autres contre vous?

**M. Handfield-Jones:** Les deux valent. La somme que vous obtenez sera formulée comme étant la somme totale des droits de tirage spéciaux que vous recevez dans la première période de cinq ans. Prenons un million. Vous pouvez alors vous engager dans une voie ou l'autre. Si vous-même vous trouvez dans le besoin d'avoir recours aux droits de tirages spéciaux, vous pouvez utiliser votre million et obtenir l'équivalent en dollars ou autres devises. Alors, vous êtes au niveau zéro.

D'autre part, si vous avez une balance de paiement assez forte, le Fonds peut vous désigner pour assumer certains droits de tirages spéciaux et alors, vous devez prendre jusqu'à deux millions en plus du million que vous avez; ce qui vous porte à trois millions.

**M. Roberts:** Merci.

**M. Handfield-Jones:** Alors, l'étape suivante. Si par la suite vous avez un besoin, vous pouvez utiliser les trois millions.

**Le président:** Auriez-vous d'autres questions à poser, messieurs, sur l'article XXV?

**M. Handfield-Jones:** Je pense, monsieur le président, que je pourrais peut-être terminer cette présentation des autres articles.

**Le président:** Cela vous convient, Messieurs?

**Des voix:** D'accord.

**M. Handfield-Jones:** Monsieur le président, l'article XXVI. Il s'agit des intérêts, des commissions et des estimations. Les pays ayant plus de droits de tirage spéciaux qui leur ont été alloués recevront un intérêt net sur cet excédent. Un pays qui en a moins que son allocation paiera une commission. Les taux



[Texte]

interest on this excess and countries holding less than they have been allocated will pay charges on the shortfall. The rates of interest and charges will be the same and will normally be the same as the rate of remuneration of creditor positions in the General Account, that is, initially 1½ per cent. In addition, participants may be assessed to cover the administrative expenses of the scheme, but these are likely to be very small in proportionate terms. All these various payments will be made in special drawing rights.

Mr. Chairman, Article XXVII deals with the Board of Governors, the Executive Directors, immunities and interpretation, and these provisions closely parallel those in the General Account.

**The Chairman:** Mr. Handfield-Jones, when you speak of the Board of Governors, does that mean the Minister of Finance in Canada?

**Mr. Handfield-Jones:** That is right, Mr. Chairman.

**The Chairman:** And the Secretary of the Treasury in the United States?

**Mr. Handfield-Jones:** That is right. Every country is represented by a Governor on the Board of Governors.

**The Chairman:** In your case you were a member of the executive.

**Mr. Handfield-Jones:** That is right.

**The Chairman:** Who replaced you as a member of the executive for Canada?

**Mr. Handfield-Jones:** Mr. Robert Johnstone, Mr. Chairman, another Canadian.

**Mr. Hockin:** We represent not only Canada, the Executive Director represents three other countries as well.

**The Chairman:** Yes, I know.

**Mr. Gray:** Just in passing, Mr. Chairman, is it possible that from this group, of which Canada is a member, the Executive Director could be from one of the other countries. He would represent not only his own country but others in the group, including Canada. Canada, when Mr. Handfield-Jones was the Executive Director this meant he was elected by the...

**The Chairman:** The three others. Who are the three others?

**Mr. Handfield-Jones:** Mr. Chairman, the group consists of Canada, Ireland, Jamaica and Guyana, a constituency which I look

[Interprétation]

d'intérêt des commissions sont les mêmes que le taux de commission qui se trouve au compte général, soit 1½ p. 100. En plus, les participants peuvent recevoir une estimation pour couvrir les frais d'administration du régime mais ce sera très peu. Proportionnellement, tous ces paiements seront faits aux droits de tirage spéciaux.

Monsieur le président, à l'article 27, il s'agit de l'administration du Conseil des Gouverneurs, des administrateurs et autres; c'est parallèle au compte général.

**Le président:** Le Conseil des Gouverneurs, cela signifie-t-il, au Canada, le ministre des Finances.

**M. Handfield-Jones:** Oui, monsieur le président.

**Le président:** Et aux États Unis, le secrétaire du Trésor?

**M. Handfield-Jones:** Oui. Tout pays est représenté par un gouvernement au Conseil des gouverneurs.

**Le président:** Vous avez fait partie de l'exécutif vous-même?

**M. Handfield-Jones:** C'est juste.

**Le président:** Et qui vous remplace?

**M. Handfield-Jones:** M. Robert Johnstone, un autre Canadien.

**M. Hockin:** On représente non pas simplement le Canada mais on peut représenter trois autres pays.

**Le président:** Je sais.

**M. Gray:** Par quels autres pays M. Handfield-Jones a-t-il été élu? Le directeur peut représenter d'autres pays.

**Le président:** Quels sont les autres?

**M. Handfield-Jones:** Monsieur le président, le groupe comprend le Canada, l'Irlande, la Jamaïque et la Guyane. J'éprouve une cer-

[Text]

back on with some nostalgia, I might say. I would like to stress the fact that Canada's votes in the Fund are sufficient, so I think we can always be assured of being represented at the Executive Director level by a Canadian, because provision is made that the Executive Director may appoint an alternate who can act for him or generally assist him when he is not there. The alternate need not necessarily be a Canadian. In fact, at the present time, and for the first time, the alternate is not a Canadian. He is an official from the Irish Ministry of Finance who is acting as the alternate in the group.

**The Chairman:** Yes, Mr. Danson?

**Mr. Danson:** Does this group remain in office for any specific period of time?

**Mr. Handfield-Jones:** It is a two-year election term but it can change after the two-year elections. In fact, there are 20 Directors and five of them are appointed by the countries with the five largest quotas. So, there remains 15 who are elected by groups of countries. The groups which jointly elect a Director are surprisingly stable over time. As new members come in they join one group or another, but it is extremely rare for there to be much of a change in the pattern. I cannot say that there is any guarantee about this but generally speaking these relationships are of a considerably long duration.

• 1650

**Mr. Danson:** Is it considered desirable, because of the type of arrangement, the type of situation that you maintain, to place this over a long period of time, or would there be some advantage in changing them?

**Mr. Handfield-Jones:** There might be. The world does not divide easily enough into any finite number of groups. Some of the Directors represent very illogical, homogenous groups of countries, like the Scandinavian group. There are three Latin-American directors; indeed this is required under the Articles. Their groups are fairly logical geographically. However, as I said, the world does not divide up very logically. In a case like our own group, it has developed through a result of historical interests, historical accidents, common interests and personal relations.

In the case of Jamaica and Guyana there are the Commonwealth Caribbean links, of course, but because of the legal provisions, Guyana is not able to vote with the Latin-American countries. Ireland is not able to vote with the United Kingdom because the United Kingdom is one of the countries with the five largest quotas and therefore appoints a director.

[Interpretation]

taine nostalgie à vous en parler. Je voudrais vous signaler plus particulièrement que le vote du Canada au Fonds à toujours l'assurance d'être représenté au niveau du directeur en parlant de Canadiens. Mais on peut aussi désigner un substitut, pour le seconder dans son travail et ce substitut n'est pas nécessairement un Canadien; pour la première fois, ce substitut est un représentant de l'Irlande, du ministère des Finances.

**Le président:** Monsieur Danson?

**M. Danson:** Ce groupe est élu pour combien de temps?

**M. Handfield-Jones:** Pour deux ans. De fait, il y a vingt directeurs; cinq sont désignés par les pays qui ont les quotes-parts les plus élevées dont, quinze sont élus par des groupes de pays. Des groupes qui élisent conjointement un directeur sont des pays qui ont une situation stable. Au fur et à mesure où un membre se présente, ils se joignent d'un groupe à un autre. Il est rare qu'il y a un changement dans ces caractéristiques. Je ne pourrais dire s'il y a une garantie mais en règle générale, les rapports sont de longue durée.

**M. Danson:** Croyez-vous que ce soit vraiment souhaitable? Est-ce que c'est souhaitable que vous mainteniez ces dispositions? Ou serait-il préférable de les modifier?

**M. Handfield-Jones:** Peut-être. Le monde ne se répartit pas facilement en groupes. Certains des directeurs représentent des groupes homogènes de pays, tels le groupe scandinave. Il y a trois directeurs de l'Amérique latine. C'est une exigence en vertu de ces articles. Leurs groupes sont très logiques sur le plan géographique. Mais, comme je le disais, le monde ne se divise toujours logiquement. Dans le cas de notre propre groupe il s'est développé à la suite d'intérêts historiques, d'accidents sur le plan historique, d'intérêts communs, et de rapports personnels.

Dans le cas de la Jamaïque et de la Guyanne, il y a le rapport Commonwealth-Caraïbes, bien entendu. Mais, vue les dispositions juridiques, la Guyane n'est pas en mesure de voter avec les pays de l'Amérique latine. Et l'Irlande n'est pas en mesure de voter avec le Royaume-Uni parce que le Royaume-Uni est l'un des cinq pays dont les quotes-parts sont les plus élevées et donc,



*[Texte]*

Generally speaking, as long as one is representing a country fairly well, and looking after its interests, they do not have any great reason to change the arrangement and it acquires personal accrescence over time. It only tends to change when there are major changes either in the size of the Executive Board or in international political relationships. At one time, in the very early days, Canada represented one of the Scandinavian countries—Iceland—but then the Executive Board grew to the stage where the Nordic countries themselves could have a director and then Iceland joined their group.

**The Chairman:** Will you move to Article XXVIII now?

**Mr. Handfield-Jones:** Mr. Chairman, Article XXVIII is a general obligation to co-operate in making the Scheme work well.

Article XXIX deals with the sanctions falling upon countries which do not meet their obligations. The most severe sanction falls on a country which will not supply convertible currency when designated to do so. As I pointed out, this is the fundamental obligation in the scheme, and any default here results in the suspension of the right to use all of the SDRs which may be held.

Countries which fail in other respects, such as failing to meet their obligations regarding need or reconstitution, suffer the lesser penalty of being unable to use SDR's which they may acquire after they have been found in default. It may also be noted that suspension of the right to use SDRs does not affect the country's right to draw on the General Account, and the reverse is also true.

Mr. Chairman, Articles XXX and XXXI set out the detailed procedures to be followed when a participant wishes to withdraw from the special Account—In Article XXX—or when the whole scheme is to be liquidated, in Article XXXI. These provisions are highly detailed and certainly quite academic, I would have thought.

Article XXXII has some definitions in it. The important one is the definition of currency convertible, in fact, subsection (b), which provides the basis for the assurance that countries can get whatever currency they want.

I think, Mr. Chairman, that is all the general explanation.

*[Interprétation]*

désignent un directeur. Et, aussi longtemps qu'une personne représente assez bien un pays et qu'elle prend soin de ses intérêts, les directeurs n'ont pas de motifs valables pour modifier ces dispositions, parce qu'alors il y a toujours des contacts personnels qui s'établissent. Et, il arrive à l'occasion qu'on modifie profondément soit le nombre de membres du Conseil d'administration, soit les relations politiques internationales.

A un moment donné, au tout début de l'accord le Canada représentait, un des pays scandinaves, l'Islande, mais ensuite le Conseil en est arrivé à un point où les pays nordiques pouvaient obtenir un directeur, et l'Islande s'est alors jointe à ce groupe.

**Le président:** Pourriez-vous passer à l'article XXVIII maintenant?

**Mr. Handfield-Jones:** L'article XXVIII concerne les obligations générales des participants pour assurer la collaboration de tous et pour assurer le succès du programme. A l'article XXIX, il s'agit des sanctions à l'égard des pays qui ne répondent pas à leurs obligations. La sanction la plus sévère est appliquée à un pays qui ne fournit pas les devises convertibles lorsqu'on le lui demande. Comme je l'ai souligné, c'est là l'obligation fondamentale du programme et tout défaut entraîne une suspension du droit de transiger les droits de tirage spéciaux qu'il pourrait détenir.

Les pays qui ne répondent pas à d'autres exigences, tel que le fait de répondre à leurs obligations quant aux besoins ou à la reconstitution de leurs réserves subissent une peine moins importante consistant à ne pas pouvoir utiliser les droits de tirage spéciaux qu'ils auraient pu acquérir après avoir été pris en défaut.

Il est à noter que la suspension du droit de transiger les droits de tirage spéciaux sur le compte général et l'inverse est également vrai.

Monsieur le président, l'article XXX et l'article XXXI nous donnent les détails au sujet de la procédure à suivre lorsqu'un participant désire se retirer du compte spécial (article XXX) ou lorsqu'on doit faire la liquidation du programme (article XXXI). L'article XXXI comporte tous les détails et est très conventionnel. A l'article XXXII, on trouve quelques définitions. La définition importante est celle de la devise convertible, en fait l'alinéa (b) prévoit la base sur laquelle les pays peuvent obtenir les devises qu'ils désirent. Je crois, monsieur le président, que ce sont là les explications essentielles que je peux vous donner.

[Text]

**The Chairman:** Are there any questions on the remarks made by Mr. Handfield-Jones on Articles XXVI to XXXII?

**Mr. Roberts:** I have one general question. The post war history of this problem, I suppose, has been a history of stop-gap arrangements, swaps and other things. Have we really got to the end of the international liquidity problem? Have you people managed to solve it now, or are we really talking about another stop-gap arrangement and the problem is still there and is going to have to be gone into by governments again? Is there a real hope that this arrangement is going to provide us with the way out of this problem?

**Mr. Hockin:** Mr. Chairman, I would say no, on both counts; this is not the end of problems in the international monetary sphere, nor is this a stop-gap arrangement. This is a new piece of mechanism in the area of international monetary co-operation which we hope, as a result of the great length of time taken in its preparation, has a future for continued support of the international monetary system and improvement of its working in years to come.

• 1655

However, as I said in the beginning, it addresses itself really to one particular aspect, and that is the aspect of the supply of unconditional liquidity in the system. Many of the other problems that, I am sure, are in the minds of the Committee, are problems which may well be facilitated by this decision, but may certainly not find their total solution here.

There are other actions which need to be taken. Certainly countries themselves in their own domestic actions have, I think, to acquire a greater understanding of the implications of their international relations and hope to improve their own performance in these respects, and there may well be other changes of an organizational nature and of a nature involving co-operation between countries which still have to be worked out, but this is an evolving system.

The hope is that the evolution takes place with due process of thought beforehand so that it is not all stop-gap. This, I would submit, does not come under the category of stop-gap, but it certainly cannot pretend to be the total solution to all the problems.

[Interpretation]

**Le président:** Est-ce que vous auriez des questions à poser à la suite des observations faites par M. Handfield-Jones sur les articles XXVI à XXXII?

**M Roberts:** J'aurais une question d'ensemble à poser. L'histoire de ce problème depuis l'après-guerre a été, il me semble, un ensemble de demi-mesures, de swaps, et d'autres arrangements. Avons-nous réellement atteint la fin du problème monétaire international? Avez-vous réussi maintenant à résoudre ce problème ou parle-t-on encore d'une autre demi-mesure et que le problème reste posé et que les gouvernements auront encore à le débattre? Y-a-t-il un espoir véritable que cette disposition nous permette enfin de sortir de ces difficultés?

**M. Hockin:** Monsieur le président, je dirais non aux deux questions. Ce n'est pas la fin des problèmes à l'échelon du système monétaire international et ce n'est pas non plus une demi-mesure. Il s'agit plutôt d'un nouveau mécanisme dans le secteur de la collaboration monétaire sur le plan international qui, nous espérons, à la suite des longs préparatifs que nous avons entrepris, prévoir à un appui futur du système monétaire international et une amélioration de ses rouages pour les années à venir.

Mais, comme je le disais au début, ce projet s'adresse à un aspect particulier. Celui de fournir des liquidités inconditionnelles au système monétaire. Et, plusieurs des autres problèmes dont le Comité se préoccupe pourraient être en fait, solutionnés par cette décision, mais n'y trouveraient pas leur solution complète ici.

Il y a d'autres dispositions qu'il nous faudra prendre et sûrement, les autres pays membres, eux-mêmes, à la suite des dispositions qu'ils prennent sur le plan interne devront mieux comprendre toutes les répercussions de leurs rapports sur le plan international et espérer améliorer leur propre rendement à cet égard. Et, il se peut aussi que d'autres modifications soient apportées sur le plan de l'organisation et sur le plan de la collaboration entre les pays membres, chose qu'on continue à mettre au point, et qui reste en pleine évolution.

Nous espérons que cette évolution se fera après mûre réflexion pour que ce ne soit pas simplement une mesure temporaire. Ce projet de loi, il me semble, ne se classe pas dans la catégorie des demi-mesures, mais il ne prétend pas non plus être la panacée de tous nos problèmes.



[Texte]

**Mr. Roberts:** Will we have an opportunity to discuss those, perhaps on Thursday or at some other time?

**The Chairman:** Speaking of Thursday, Mr. Roberts, and gentlemen, as you know the Thursday morning meeting will take the form of a background briefing, followed by an informal question period. Do you think the morning session will be enough? I know it might be a difficult question to answer. As you are aware, there will not be any recorded or published matter, but we will have the interpretation. If you think we should go for a morning and an afternoon session I would like to know before hand. If the morning session is enough, we will need more staff in the afternoon for the recording and for the publishing.

**Mr. Gray:** Mr. Chairman, why do we not follow the principle that you expressed I think quite sensibly, that it is better to cancel a meeting which has been previously arranged than to set one up which has not been previously arranged. It would be safer—I just make this proposal...

**The Chairman:** It is all right.

**Mr. Gray:** ...for you arrange to have two meetings and if necessary we can cancel the afternoon meeting.

**The Chairman:** Mr. Gray, it was our intention to have two meetings, one at 11 o'clock and the other one at 3.30 p.m. The reason I mention this is, do we think that we will be through with the briefing in the morning session?

**Mr. Gray:** It is hard to say. May I say something else arising out of what Mr. Roberts said, and that is that even though it would appear that with one minor exception we have completed our introductory stage—our first stage of explanation and clarification of the legislation—it may well be that when we have the witnesses from the private sector before us, as it appears rather likely we will, Mr. Roberts may want to continue, through questions of the witnesses and officials who will be with us at that time, some of the things he has raised just now, because it may be useful to have the exchanges on the record.

I do not mean to say that we should not discuss this at our briefing session, but some of the things you have raised may well be sufficiently useful to be on the record, and we should, in an appropriate way, make use of the other stages that we have agreed on to discuss them.

[Interprétation]

**M. Roberts:** Est-ce que nous aurons l'occasion d'en reparler ou d'y revenir, jeudi, ou peut-être à un autre moment?

**Le président:** Pour ce qui est de jeudi, comme vous le savez, jeudi matin, ce sera une réunion d'information suivie d'une période de questions. Croyez-vous que nous aurons assez de l'avant-midi? Je sais que c'est assez difficile de le savoir dès maintenant, mais une des raisons, comme vous le savez, c'est que nous n'aurons aucun compte rendu, mais nous aurons l'interprétation. Croyez-vous que nous devrions avoir une réunion le matin et l'après-midi? J'aimerais le savoir, parce que si nous avons suffisamment d'une séance de l'avant-midi, il nous faudra plus de personnel pour l'après-midi, en vue de l'enregistrement et de l'édition.

**M. Gray:** Monsieur le président, pourquoi ne pas suivre le principe que vous avez formulé qu'il est préférable d'annuler une réunion prévue au préalable que d'en faire une qui n'avait pas été prévue? C'est une simple proposition que je vous fais.

**Le président:** C'est vrai.

**M. Gray:** Prévoyons deux réunions et si cela est nécessaire nous pourrions annuler la séance de l'après-midi.

**Le président:** Nous avions l'intention d'avoir deux réunions. Une à onze heures et l'autre à 3 h. 30 de l'après-midi. Mais croyez-vous que nous aurons terminé la séance d'information, le matin?

**M. Gray:** C'est difficile à dire. Mais, permettez-moi de faire une autre observation à la suite de ce qu'a dit M. Roberts. Bien qu'il me semble que nous ayons terminé notre stade préparatoire—notre première étape d'explications et de clarification—it se peut fort bien que lorsque nous aurons des témoins de l'industrie privée, M. Roberts aimerait peut-être poursuivre une période de questions avec les témoins et les fonctionnaires qui seront présents.

A l'égard de certaines des questions qu'il vient de soulever, il serait utile que ces entretiens soient consignés aux comptes rendus. Je ne dis pas qu'on ne devrait pas en discuter à la séance d'information, mais certaines des questions soulevées devraient être consignées afin de pouvoir les utiliser à l'avenir.

[Text]

**Mr. Roberts:** Mr. Chairman, I am entirely in agreement with that. I do feel, though, that it would be helpful to have the background from the officials.

• 1700

**Mr. Gray:** Yes, I am just trying to say that we should not feel if we explore informally some of these questions that we should be precluded in the other stages of our consideration if it is properly related to these stages, the raising of points like the ones that you just mentioned. In other words, I am trying to expand the area of our consideration rather than limit it.

May I make one suggestion, Mr. Chairman? I said that we appear to have finished our first stage with one minor exception. Perhaps to make our record complete you might want to invite one of the officials to say a word on the amendment to the Currency, Mint and Exchange Fund Act which is the very last.

**The Chairman:** You mean clauses 12 to 14?

**Mr. Gray:** There are not 12...

**The Chairman:** There are more than that, I am told. If that is one of the reasons, Mr. Gray, maybe we could finish with these amendments after the briefing, if we sit in the afternoon.

**Mr. Gray:** We could do that unless the officials feel that they could go over this very briefly. Maybe the Committee would agree to stay for a few more minutes.

**The Chairman:** What about Clauses 12, 13 and 14?

**Mr. Handfield-Jones:** Clause 13 covers the schedules which are very detailed provisions about withdrawals and liquidation which I doubt is of any general interest, so it really only leaves Clause 14.

**The Chairman:** Will Clause 14 take long?

**Mr. Handfield-Jones:** Shall I say five words on it?

**The Chairman:** Will you agree that we hear the remarks on Clause 14, gentlemen before we adjourn?

**Mr. Gillespie:** Mr. Chairman, I am dubious that it can be done in five words.

**The Chairman:** He did not say five words. He said five minutes.

[Interpretation]

**M. Roberts:** Je suis parfaitement d'accord. Mais, je pense cependant qu'il serait utile d'avoir des hauts fonctionnaires pour toutes les données de base.

**M. Gray:** Je dis simplement qu'on ne devrait pas se sentir, si on explore certaines de ces questions, empêché de les poser encore lors des autres étapes de l'étude si les points soulevés se rattachent précisément à ces étapes. Donc, j'aimerais simplement élargir les cadres plutôt que de les restreindre.

Une simple proposition, monsieur le président. Vu que nous avons terminé une étape, vous devriez peut-être demander à l'un des représentants de faire quelques observations sur la modification à la Loi sur la monnaie, l'Hôtel des monnaies et le fonds des changes, qui est la dernière.

**Le président:** Vous voulez parler des articles 12 à 14?

**M. Gray:** Il n'y en a pas 12...

**Le président:** Il y en a plus que cela, me dit-on. Si c'est là l'une des raisons, monsieur Gray, nous pourrions peut-être terminer l'étude de ces modifications après la séance d'information, si nous nous réunissons dans l'après-midi.

**M. Gray:** Nous pourrions faire cela, à moins que les représentants ne pensent pouvoir en parler très rapidement. Peut-être le Comité accepterait-il de rester encore quelques minutes?

**Le président:** Et les articles 12, 13 et 14?

**M. Handfield-Jones:** L'article 13 comprend des dispositions très détaillées sur les retraits et sur la liquidation et je doute très fort que cela soit d'intérêt général. Donc, il ne reste que l'article 14.

**Le président:** Sera-t-il long à étudier?

**M. Handfield-Jones:** Voulez-vous que je vous dise cinq mots là-dessus?

**Le président:** Messieurs, voulez-vous que nous entendions les observations sur l'article 14 avant de lever la séance?

**M. Gillespie:** Monsieur le président, je doute que cela puisse se faire en cinq mots.

**Le président:** Non, pas cinq mots, cinq minutes.



*[Texte]*

**Mr. Gillespie:** Is there really any urgency about completing it now rather than doing it with the...

**Mr. Gray:** Except that it will all be in the same leaflet, you know, but I am not pressing the point. It just occurred that there was not much to be said about Clause 14. Perhaps we should have it said now.

**The Chairman:** If it takes only five minutes, we can go on. All right, Clause 14.

**Mr. Hockin:** Mr. Chairman, this is the clause which gives the Minister of Finance the power to fulfil the undertakings to accept the SDRs both in terms of the allocation that is made and in terms of any designations which are made in accordance with the procedure that Mr. Handfield-Jones had just outlined. In other words, this gives the Minister the power to accept and hold the SDRs in the Exchange Fund just as he presently has powers to hold other reserve assets such as gold and reserve currencies.

**The Chairman:** Any questions, gentlemen? If not, thank...

**Mr. Lambert (Edmonton West):** They are shown separately? I mean like Item A, Item B, Item C?

**Mr. Hockin:** That is right.

**The Chairman:** Thank you very much gentlemen. Thank you, Mr. Hockin and Mr. Handfield-Jones.

The next meeting is Thursday morning at 11:00 o'clock, room 209.

The meeting is adjourned.

*[Interprétation]*

**M. Gillespie:** Est-il vraiment indispensable que nous terminions cela maintenant plutôt que de le faire...

**M. Gray:** L'intérêt serait d'avoir tout dans le même fascicule, mais je ne veux pas insister. Il se trouve simplement qu'il n'y a pas grand-chose à dire sur l'article 14. Nous devrions peut-être en finir.

**Le président:** Si cela ne prend que cinq minutes, nous pouvons continuer. D'accord, prenons l'article 14.

**M. Hockin:** Monsieur le président, il s'agit là de l'article qui donne au ministre des Finances le pouvoir de tenir les engagements pris, soit d'accepter les droits de tirage spéciaux, à la fois pour ce qui est des allocations faites et pour ce qui est des désignations qui sont faites selon la façon de procéder que vient de vous décrire M. Handfield-Jones. En d'autres termes, le ministre peut accepter et détenir les droits de tirage spéciaux du fonds des changes, tout comme, à l'heure actuelle, il peut avoir d'autres réserves, comme de l'or ou des devises de réserve.

**Le président:** Messieurs, auriez-vous des questions à poser? Sinon, merci...

**M. Lambert (Edmonton-Ouest):** Les inscrit-on séparément article A, article B, article C, etc.?

**M. Hockin:** C'est exact.

**Le président:** Merci beaucoup, messieurs. Merci monsieur Hockin, et vous, monsieur Handfield-Jones.

La prochaine réunion aura lieu jeudi matin à 11h., dans la salle 209.

La séance est levée.

















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